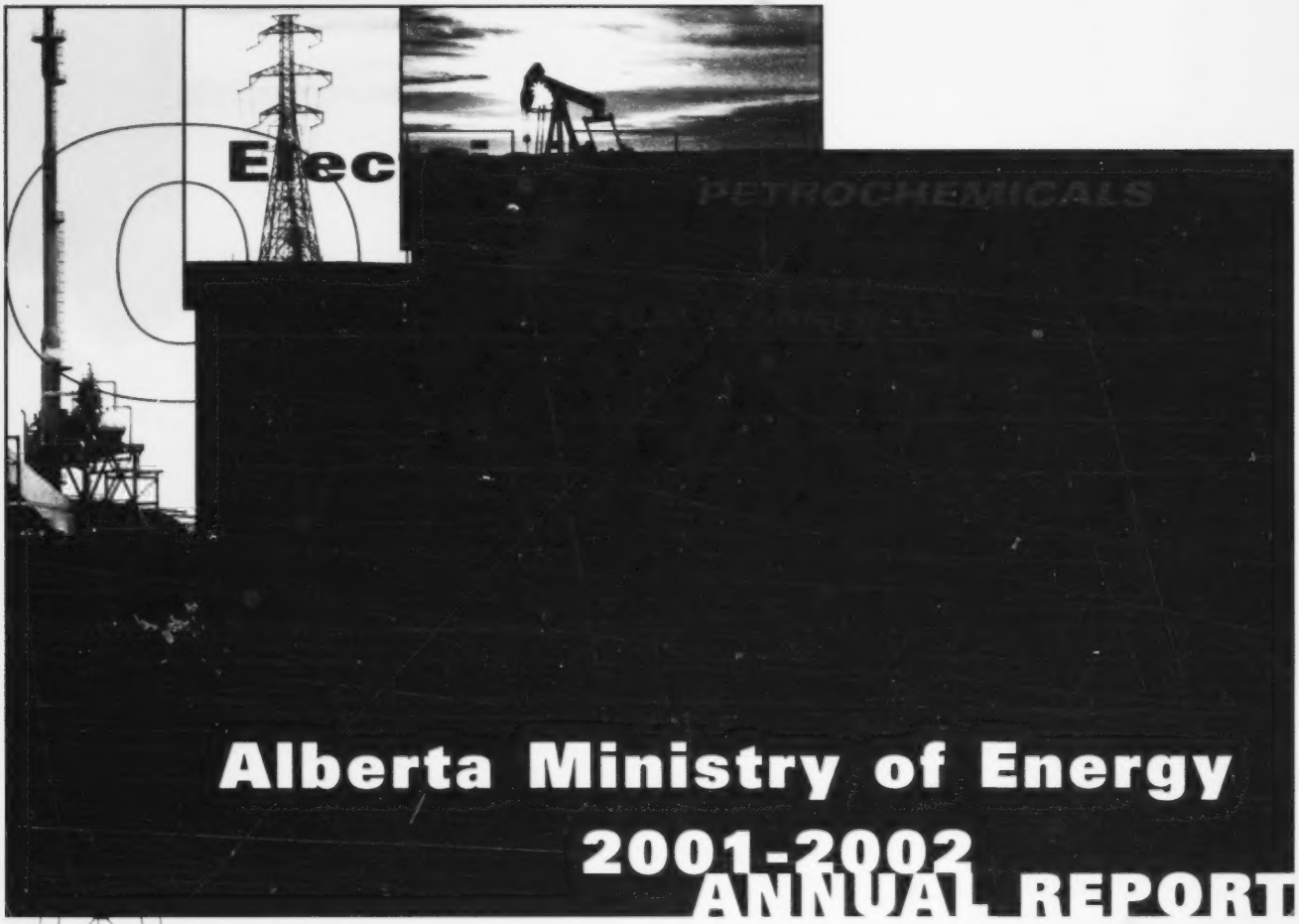

Alberta Ministry of Energy

2001-2002 ANNUAL REPORT

EUB
Alberta Energy and Utilities Board

Alberta
ENERGY

Public Accounts 2001-2002

Preface

The Public Accounts of Alberta are prepared in accordance with the Financial Administration Act and the Government Accountability Act. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 28, 2002 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the Measuring Up report.

This annual report of the Ministry of Energy contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- the financial statements of entities making up the Ministry including the Department of Energy, the Alberta Energy and Utilities Board and the Alberta Petroleum Marketing Commission,
- other financial information as required by the Financial Administration Act and Government Accountability Act, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report, and
- financial information relating to trust funds.

'heir service is excellent.

–Industry Satisfaction Survey

COAL & MINERALS

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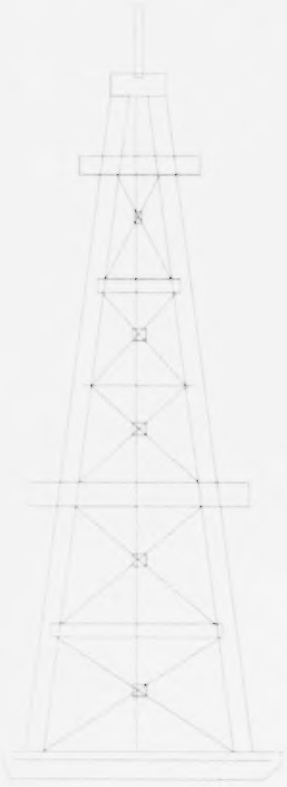

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bank you very much for your
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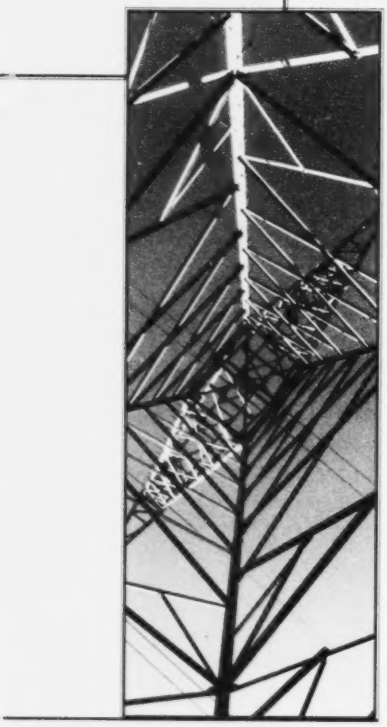
-Industry Satisfaction Survey

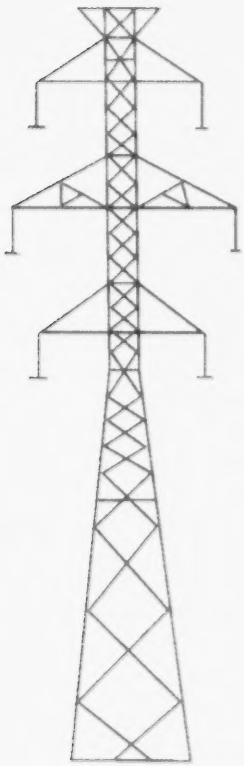


Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2002, was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at September 18, 2002 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Murray Smith, MLA

Minister of Energy



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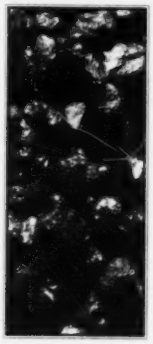
Message from the Minister



Non-renewable resource revenue totalled $6.23 billion this fiscal year. This is the second highest amount in Alberta's history and nearly 30 per cent of the Government of Alberta's total revenue. Private sector investment in Alberta's conventional oil and gas industries was nearly $13 billion, with an additional record $4.2 billion invested in the oil sands.

A highlight of this year was the development and enactment of the Natural Gas Price Protection Act - a mechanism designed to protect consumers from dramatic and unexpected increases in the price of natural gas. Also related to natural gas, Alberta developed a Northern Gas Strategy that was used across North America to promote Alberta's position as a natural gas Hub. We believe the Hub's processing and distribution capabilities are key to unlocking the full potential of northern gas.

Work continued on the restructuring and development of Alberta's electricity industry and marketplace. Investors responded to new opportunities by building 600 megawatts of new generation in 2001, enough to power 600,000 Alberta homes. Power Pool of Alberta electricity prices moderated significantly due, in part, to lower natural gas prices and additional generation. The Pool price in April 2001, at the beginning of the fiscal year, averaged $114.82 per megawatt hour. By March 2002, the end of the fiscal year, the Pool price average was $55.14 per megawatt hour - a 52 per cent reduction.

As we move forward, we get closer to the October 2002 implementation of the Petroleum Registry of Alberta, formerly known as VIPIR, the Volumetric and Infrastructure Petroleum Information Registry. This Internet-based Registry is designed to bring a new level of e-business to the upstream oil and gas industry and the Ministry of Energy. It will provide the Ministry and stakeholders with a single, authoritative source of secure, valid, standardized, shareable and timely petroleum-related information.

I would like to thank Ministry staff and all those stakeholders who contributed to shaping our activities over the past year. Thanks also to Mel Knight, MLA for Grande Prairie-Smoky, for his work as an Alberta representative on the U. S. Energy Council and for his contributions to the Canadian Energy Research Institute.

Murray Smith, MLA

Minister of Energy

Management's Responsibility for Reporting

The Ministry of Energy includes:

- Alberta Department of Energy
- Alberta Energy and Utilities Board
- Alberta Petroleum Marketing Commission

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Energy. Under the direction of the Minister I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Energy any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the Government Accountability Act.

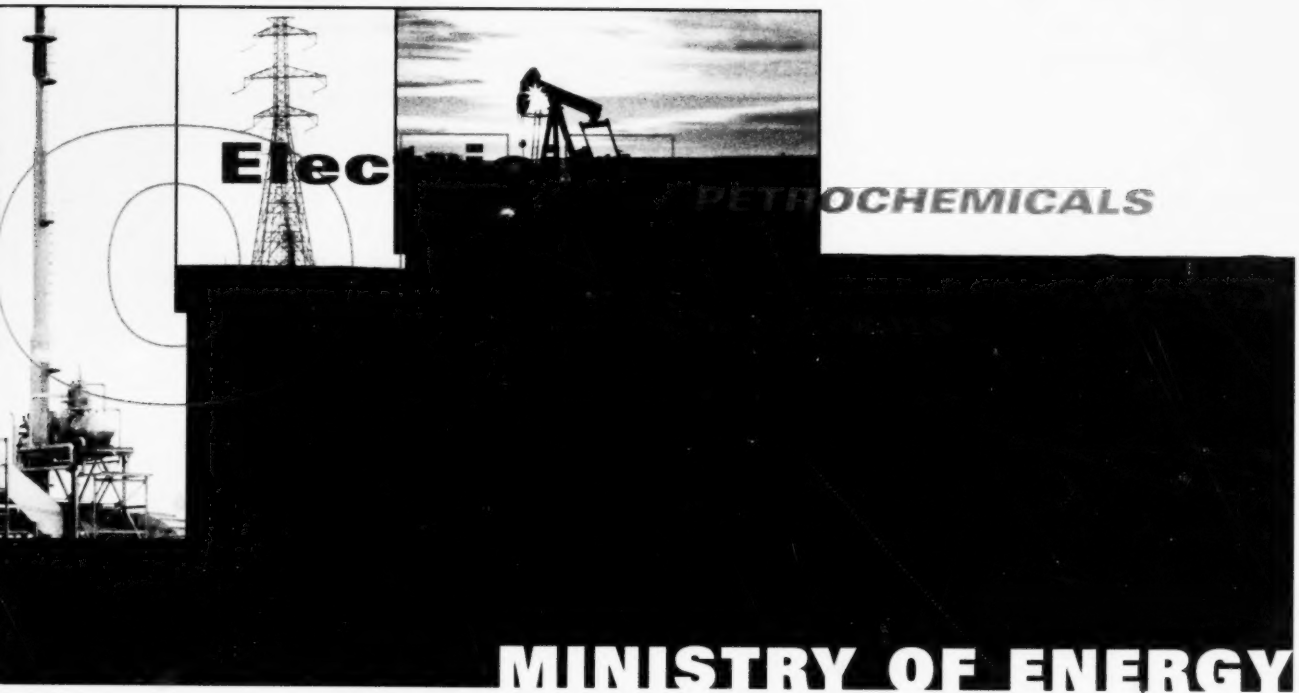
In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

K.R. Sk

Ken Smith

Deputy Minister

Department of Energy

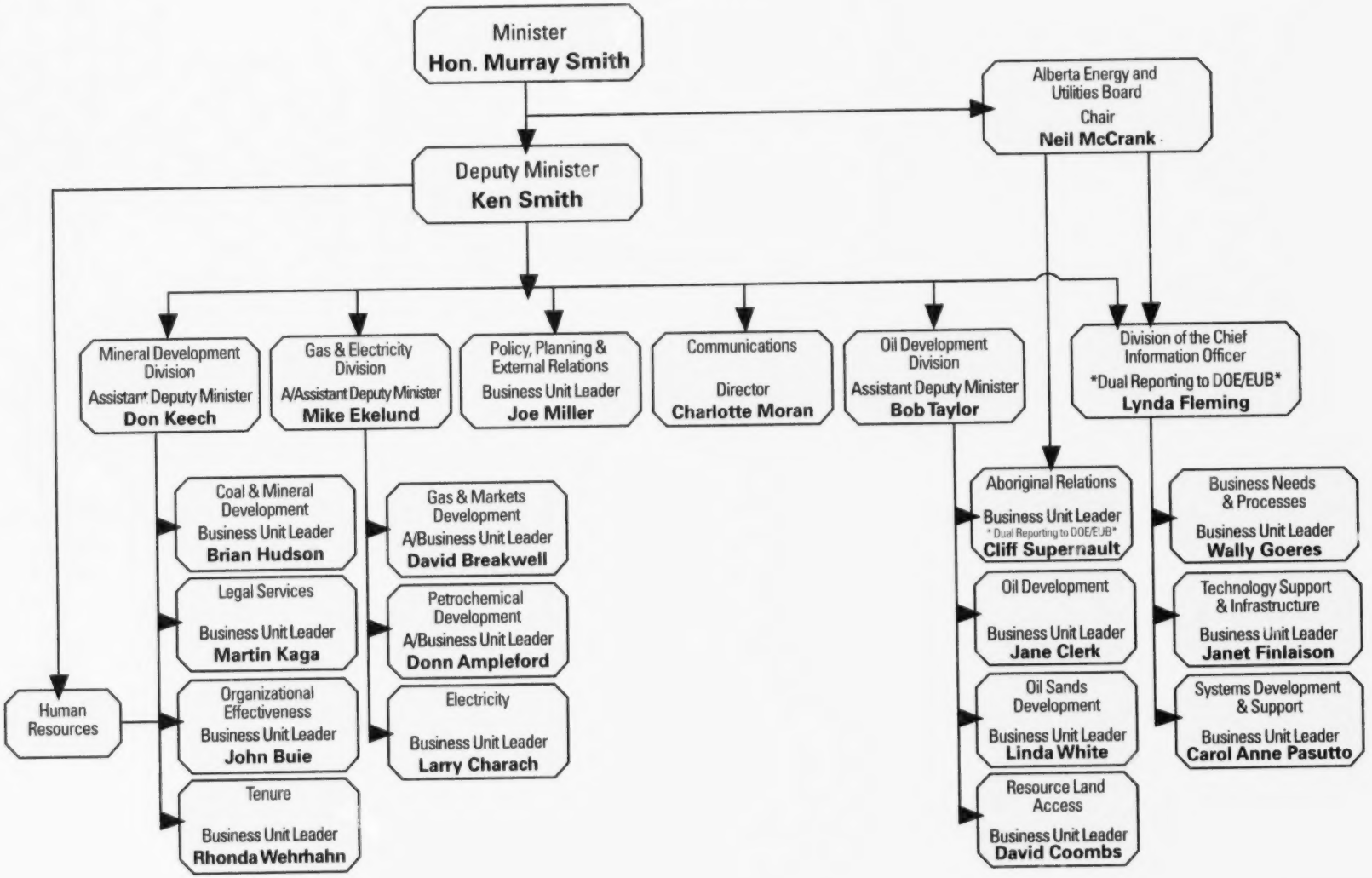


MINISTRY OF ENERGY

Organizational Structure

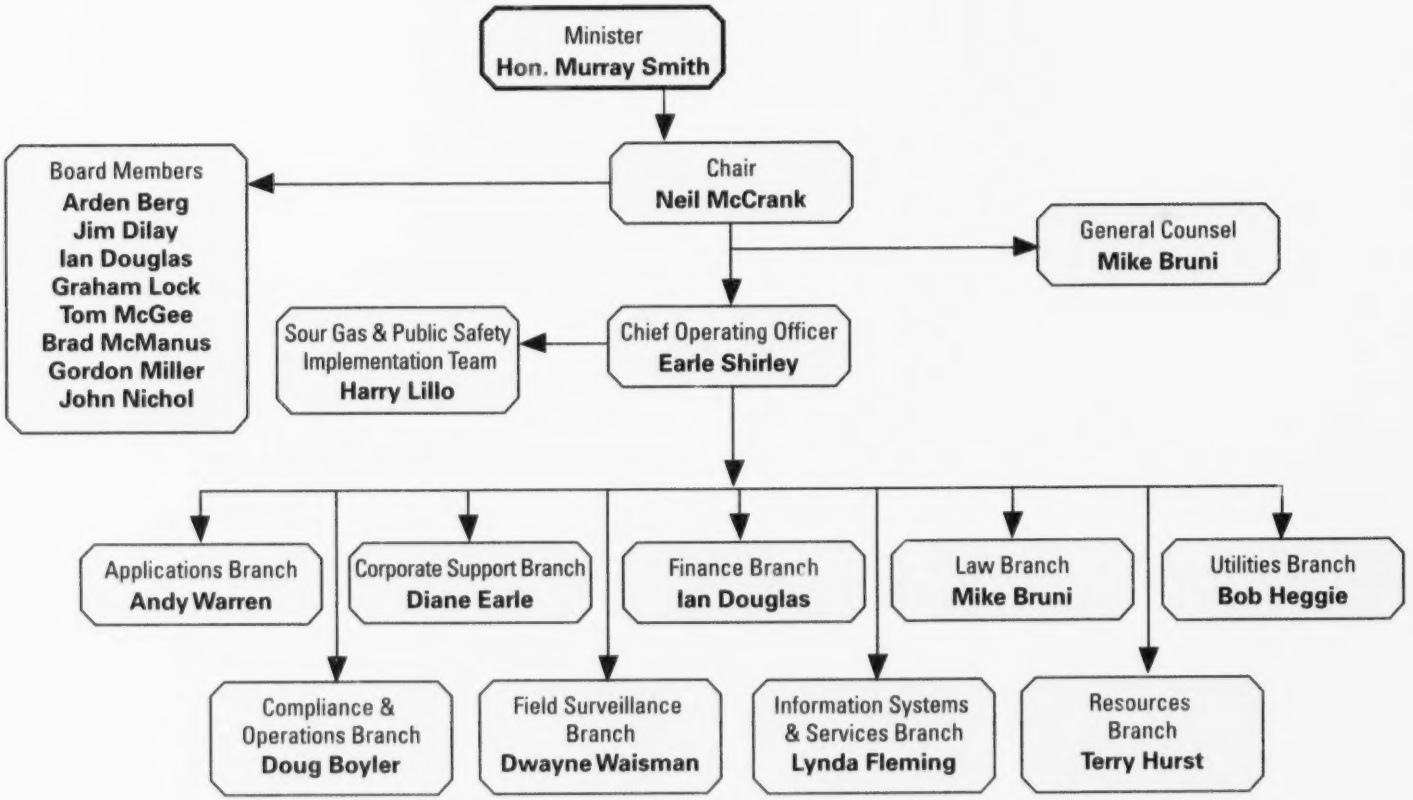
Department of Energy

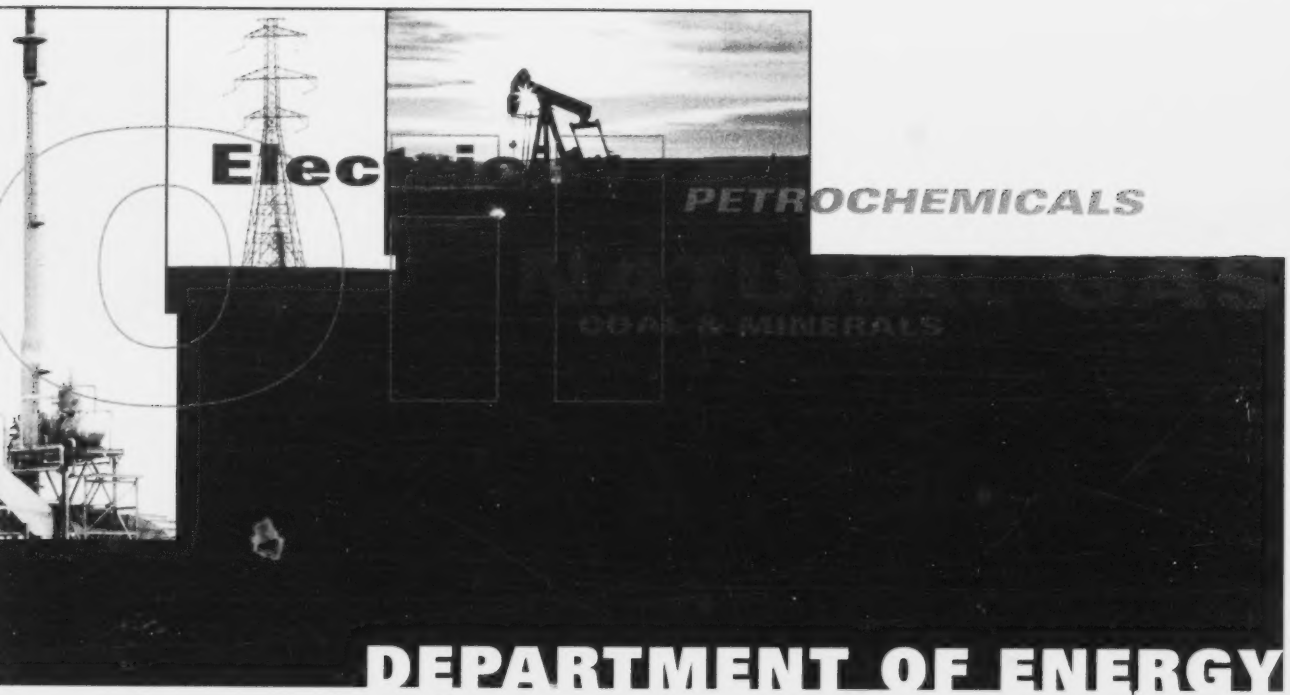
(as at March 31, 2002)



Alberta Energy and Utilities Board

(as at March 31, 2002)





DEPARTMENT OF ENERGY

Operational Overview

Alberta ENERGY

Core Businesses

Albertans own the province's oil, natural gas and other mineral resources. The Department of Energy manages the development of these resources in a responsible manner, within a framework of sustainable development that maximizes investment in resource development and benefits for Albertans.

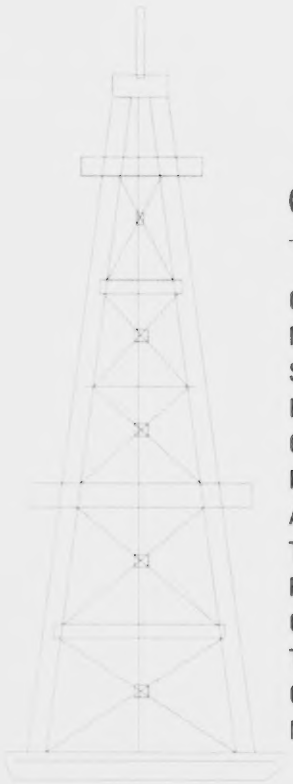
The core businesses of the Department of Energy, as described in the 2001-04 Business Plan, are:

- Secure Albertans' share and benefits from energy and mineral resource development.
- Ensure the competitiveness of Alberta's energy and mineral resources.
- Develop and communicate energy and mineral resource policies.
- Ensure that Alberta consumers have a choice of reliable and affordable energy.

Vision — Alberta's competitive environment attracts investment in its energy and mineral resources, for the benefit of present and future Albertans.

Mission — Optimize the sustained contribution from Alberta's energy and mineral resources in the interests of Albertans.

OIL COAL & MINERALS



The Department of Energy collected non-renewable resource revenues of $6.23 billion in 2001-02, the second-highest total ever. This represents approximately one-third of total Government of Alberta revenues. Investment in Alberta's conventional oil and gas industry sectors reached nearly $13 billion, plus a record $4.2 billion in oil sands, up 75 per cent from the year before.

($ millions)	Actual 2001-02	Actual 2000-01	Actual 1999-00	Actual 1998-99	Actual 1997-98
Crude oil royalty	987	1,500	1,103	450	903
Natural gas and by-products royalty	4,030	7,200	2,441	1,467	1,660
Synthetic crude oil and bitumen royalty	185	711	426	59	192
Bonuses and sale of Crown leases	970	1,159	743	464	1,071
Coal royalty	17	11	15	17	18
Rentals and fees	148	147	141	142	189
Alberta Royalty Tax Credit (ARTC)	(108)	(148)	---	---	---
Total non-renewable resource revenue	6,229	10,580	4,869	2,599	4,033
Freehold mineral rights	319	256	134	112	131
Other revenue	15	3	12	3	2
Total revenue	6,563	10,839	5,015	2,714	4,166
Operating expenses	(93)	(83)	(80)	(81)	(70)
Net Department of Energy revenue	6,470	10,756	4,935	2,633	4,096

Operations and Services

The department has responsibility for a diverse resource development portfolio that includes natural gas, conventional oil, oil sands, electricity, coal and minerals and petrochemicals. To effectively manage development of these commodities, the department is organized in eight commodity business units and five business support units. Resources and fiscal accountability are allocated per business unit.

Natural Gas

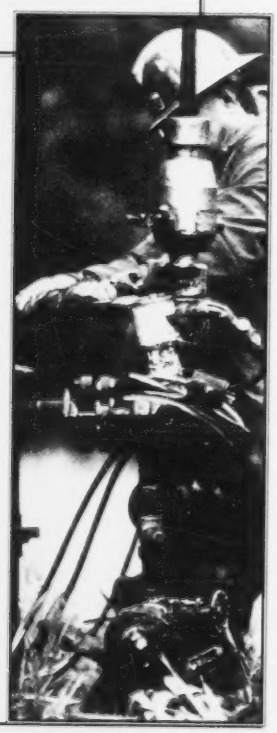
Natural Gas promotes and encourages the activities and operations of natural gas, values and calculates gas royalties and provides business analysis. This is done to ensure the Crown receives full value for its natural gas resources and ensures and promotes the safe and orderly development of natural gas distribution systems respecting rural gas utility operations.

Highlights

Alberta accounts for just over 80 per cent of the natural gas produced in Canada — the world's third-largest producer of the gas — and exports about three-quarters of production outside the province. Roughly 60 per cent of exports went to the U.S. in 2001, with the remainder used in Alberta and the rest of Canada.

The department is very well organized and, whenever I need information, they get back to me promptly.

–Industry Satisfaction Survey



At the end of 2001, Alberta's in-place reserves* of natural gas totaled 253 trillion cubic feet (tcf). Of that, about 200 tcf has potential for recovery under normal conditions, using conventional means. Economic and technological developments are expected to expand Alberta's base of conventional gas resources. A recent review of the potential of coalbed methane indicates this resource could contribute significantly to Alberta's future gas supply.

*In-place reserves — the amount calculated or interpreted to exist in a reservoir before any volume has been produced

By the numbers

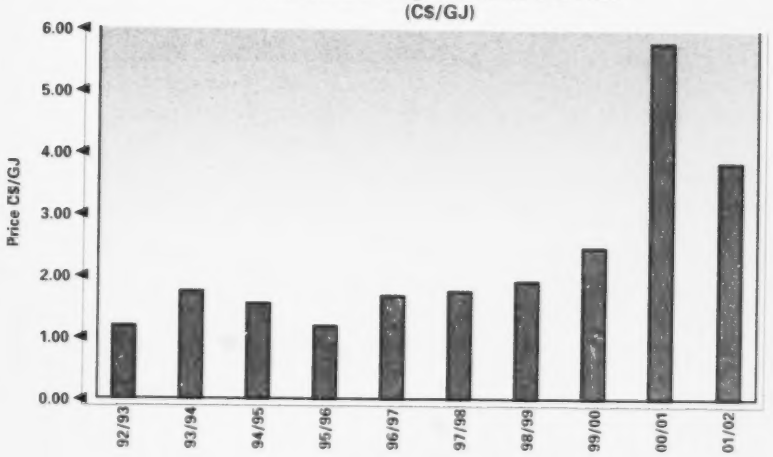
Gross natural gas production declined in 2001, to 5.1 tcf from 6.15 tcf the year before.

Natural gas royalties were $4.03 billion in fiscal 2001-02, compared to $7.2 billion the year before.

The price of natural gas declined throughout most of 2001, from a high of $11.24 per gigajoule in April to $2.40 in October.

There were 9,682 gas wells drilled in Alberta in 2001, up from 8,264 the year before.

Fiscal Year Average Reference Gas Price (C$/GJ)



Conventional Oil

Conventional Oil promotes and encourages exploration and development of reserves, calculates royalty share, ensures Crown royalties are collected in-kind from producers and markets the Crown's share of crude oil production through private sector marketing agents.

Highlights

Oil prices were strong during the first portion of the reporting period and then declined amid global uncertainty following September 11, 2001. Over the full fiscal year, oil prices averaged U.S. $24.18 per barrel.

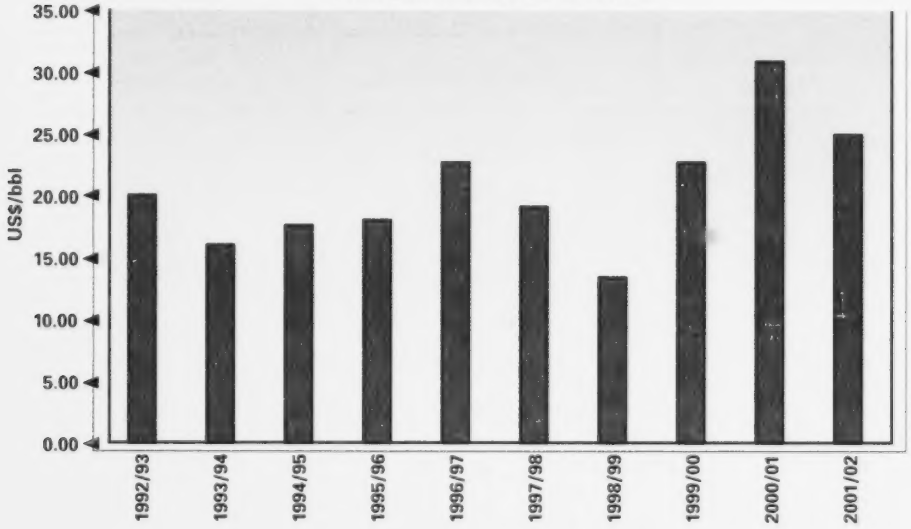
Because of the maturing nature of the conventional oil business, the Department of Energy continues to look for ways to promote the increased recovery of oil and extending the economic life of wells. The department also consults extensively with stakeholders to find a balance between encouraging maximum recovery of oil while ensuring a fair share of resource revenue for the Crown.

By the numbers

Conventional oil production made up 53 per cent of Alberta's total oil production during 2001-02. This represents about 37 per cent of total Canadian production and 10 per cent of North American production. Alberta produced 720,000 barrels of conventional crude oil per day in 2001, down from 893,000 barrels in 2000.

Royalties were $987 million in fiscal 2001-02, compared to $1.5 billion the year before, due mainly to a slowing world economy and weaker prices.

Fiscal year WTI Crude Oil Prices



Oil Sands

Oil Sands promotes and encourages development of Alberta's extensive oil sands deposits through the establishment of clear business rules. This includes the disposition of oil sands rights, recommending royalty policy, establishing certainty through known business rules and collecting oil sands royalties.

Highlights

Oil sands are the source of 40 per cent of Alberta's total oil production and about one-third of all the oil produced in Canada. By 2005, oil sands production is expected to represent one-half of Canada's total crude oil output and 10 per cent of North American production. By 2010, production is projected to reach 1.7 million barrels of crude oil per day and create 50,000 new jobs across Canada.

Royalties from oil sands developments declined last year despite record investment because Alberta's system allows for lower rates in the early years of a project's development. The royalty regime developed for our oil sands resources recognizes the long-term nature of investment in the sector to overcome barriers such as long lead times, greater technological risks and higher capital and operating costs. The Crown defers the collection of some royalties until these development costs are recovered. Once these costs have been recovered, royalties increase and the Crown receives its full share of royalties. This policy encourages continued investment in the oil sands sector.

We continue to develop the structure for a stable oil sands business and investor climate. Key business rules were finalized in 2001 for calculating oil sands development costs under Alberta's royalty system. Work also began on developing the business rules for valuing bitumen, pipeline costs and expansions. As well, the department published and distributed oil sands tenure guidelines.

By the numbers

Oil sands production grew for the third consecutive year, to 645,000 barrels per day (bpd) compared to 605,000 bpd in 2000.

Royalties were $185 million in fiscal 2001-02, compared to $712 million the year before.

Electricity

Electricity is responsible for developing the framework for the electricity market that will ensure the long-term reliable supply of competitively priced electricity. This will be done through a restructured electricity market as laid out in the Electric Utilities Act (2001 R.S.A).

Highlights

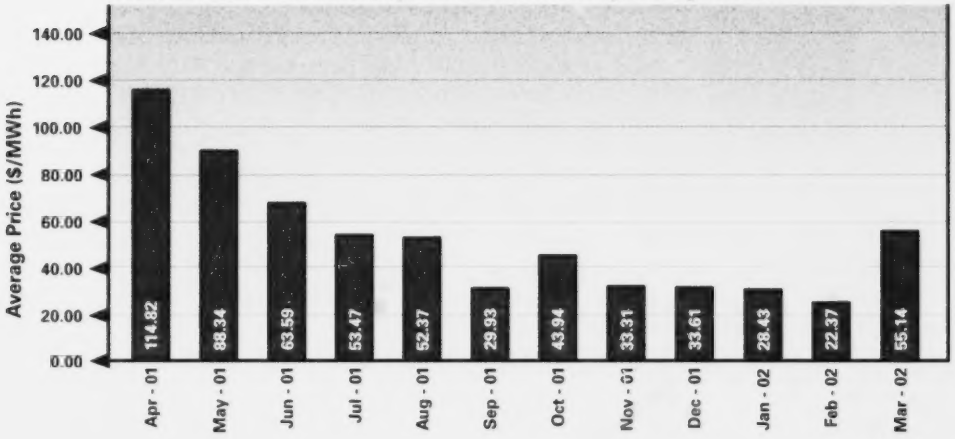
Alberta's generation capacity is growing in the wake of the province's transition to a competitive electricity market. Industry developed approximately 600 megawatts (MW) of new electricity generating capacity in Alberta in 2001, exceeding forecasts of 400 MW. Plans or proposals for new additional generation worth more than $6 billion have been announced. This could boost Alberta's generating capacity by more than 5,000 MW over the next five years if all projects proceed. This foundation of reliable, reasonably priced power is expected to reinforce Alberta's long-term ability to compete at home and abroad.

The Department of Energy is working to eliminate barriers to retail competition in the new electricity marketplace and to standardize business practices. During 2001-02, the department conducted an industry structure review and a liability review that examined the structure of the industry and ensured it was operating as it should in the new marketplace.

By the numbers

The Power Pool of Alberta reported spot prices for electricity in 2001-02 that fell from 8.9 cents/ kilowatt-hour (kWh) in the first quarter to 3.6 cents/kWh in the fourth quarter of the fiscal year. The average Pool price over the fiscal period was 5.2 cents/kWh, compared with 14.8 cents/kWh in the prior fiscal year.

2001/02 Fiscal Year Electricity Power Pool Monthly Average Price



Petrochemical Development

Petrochemical Development monitors the supply of petrochemical feedstock in Alberta and works with Alberta Economic Development to promote and advocate sustainable development opportunities in the petrochemical sector.

Highlights

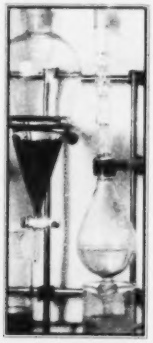
The viability of Alberta's petrochemical industry is built on access to a long-term secure economic supply of natural gas liquid (especially ethane) feedstock, availability of natural gas at competitive prices and the ability to develop suitable competitively priced products for international markets.

During 2001, discussions were held with ethylene producers, major natural gas liquids' extractors and marketers, chemical industry associations and others as part of our ongoing effort to develop and maintain relationships with stakeholders. Dialogue helped us develop good understandings of current resources and manufacturing capacity and contributed to evaluation of resource opportunities. The department also successfully promoted Alberta's advantages as the market hub for northern gas liquids development.

By the numbers

Alberta's petrochemicals industry produces over $8 billion worth of products each year.

Over 6,400 Albertans are directly employed by the petrochemical industry, generating an annual payroll nearing $400 million.



Coal and Mineral Development

Coal and Mineral Development manages solid mineral resources such as coal, metallic minerals, salt, diamonds, ammonite shell and various stone and rock resources, such as limestone. Responsibilities include leasing mineral rights, collecting royalties, developing business rules and recommending policies and regulations.

Highlights

Alberta's coal reserves contain twice the energy of the province's other non-renewable energy resources including oil, natural gas and oil sands. Alberta has 70 per cent of Canada's coal reserves and produces about half of the coal mined in the country each year. Canada is ranked tenth in the world in total proven coal reserves. Seven major coal mines operate in Alberta; each year, they typically produce between 30 and 35 million tonnes of marketable coal.

During 2001, the business unit completed a draft mineral development strategy after consultation with industry and the Alberta Geological Survey. The strategy is intended for use as a framework for the orderly development of Alberta's metallic and industrial minerals sector. During the fourth quarter of 2001-02, applications for permits peaked for the fiscal year mainly due to diamond exploration activity. The main minerals produced in Alberta continue to be lime, salt and raw materials to produce cement.

By the numbers

Alberta has enough coal to meet current provincial consumption levels for up to 1,000 years.

Production in 2001 totaled 33.6 million tonnes of marketable coal.

Mineral exploration permits covered approximately 12.6 million hectares, or 19 per cent of the province, with the primary exploration targets being diamonds and precious metals.

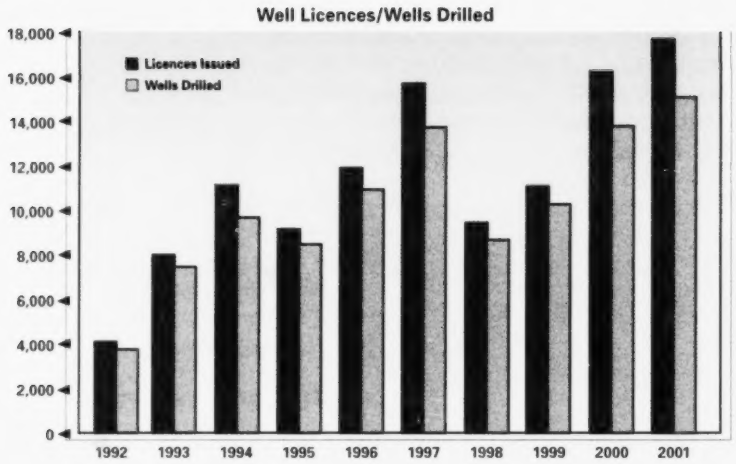
Tenure

Tenure leases and administers all conventional petroleum and natural gas rights held by industry in Alberta. Responsibilities include posting requests for petroleum and natural gas rights, license validations and lease continuations, collecting rents and offset compensation and contract negotiations. Tenure also assesses and collects the Freehold Mineral Tax levied on freehold properties that produce petroleum and natural gas.

Highlights

Crown petroleum and natural gas rights are issued in the form of licenses or leases, through a competitive sealed bid auction process that includes public offerings every two weeks.

The Crown owns 81 per cent of the province's mineral rights. The remaining 19 per cent is 'freehold' owned by the Federal Government on behalf of First Nations or in national parks, and by individuals and companies.



By the numbers

Over 8,000 petroleum and natural gas agreements were sold. Revenue from the sale of these topped $969 million in 2001-02, compared to $1.2 billion in the previous year.

The Freehold Mineral Rights Tax brought in $319 million, an increase of 25 per cent over 2000-01.

Requests for petroleum and natural gas rights through public offerings were 10,596 in 2001-02.

Resource Land Access and Aboriginal Affairs

Resource Land Access and Aboriginal Affairs acts for the department on government-wide initiatives directed towards sustainable development. The business unit supports processes that ensure fair and timely access to resources, provides expertise in resolving mineral ownership and helps to address access to resources located in environmentally sensitive areas. Resource Land Access also helps to inventory and evaluate mineral activity as part of land claims settlement negotiations and other purposes, facilitates strong working relations between industry and Aboriginal groups and provides pilot training projects to help Aboriginal people both manage natural resources on reserves and train employees.

Highlights

Resource Land Access and Aboriginal Affairs provides support for mineral rights disposition and management, including working with other government departments and agencies to negotiate appropriate levels of surface access to renewable and non-renewable resources.

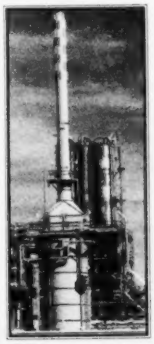
The business unit participated in a number of cross-ministry initiatives related to the Aboriginal Policy Initiative such as partnering with other government departments, the Federal Government, Aboriginal communities and others to develop best practices guidelines for traditional use studies. Information derived from traditional use studies can be used for land-use planning and other resource management processes. As well, the department contributed financially and offered leadership to traditional use studies initiated by three First Nations.

Staff also supported Alberta Aboriginal Affairs and Northern Development in six land claims negotiations last year and, along with that department, shared leadership of a two-day consultation workshop for other government departments involved in resource development affecting Aboriginal communities.

By the numbers

186 Aboriginal people participated in energy related training programs during the 2001-02 fiscal year.

Business Support Units



Organizational Effectiveness

Organizational Effectiveness provides strategic leadership and specialist knowledge in a range of areas to help the department achieve its business objectives. The business unit also works to ensure Crown resource revenues are fairly valued and that reporting is complete and forecasting is as accurate as possible. Specific areas of expertise include human resources, finance, records management and library services.

Highlights

The support unit collected over $6.4 billion in revenue in 2001-02 and conducted a full scale of audit reviews to ensure the province received its full and fair share of earnings from Alberta's resources.

Internal surveys conducted last year found 84 per cent of personnel are satisfied with their employment with the Ministry. We also completed the first full year of our Recognition and Awards Program, which acknowledges length-of-employment milestones and rewards employees for noteworthy service.

Communications

Communications provides support to the Minister's office, the Executive Committee, commodity business areas and department staff in the areas of communications planning, issues management, media relations, public relations, writing and advertising.

Highlights

Following a period of increased market prices for electricity and natural gas, and a rebate program introduced to offset the impacts of high prices, the department experienced a significant increase in the number of inquiries and requests for information from the public and industry. The Public Information Centre was established as a single central source for information and it responded to nearly 2,700 requests for information over the year. The department also continued to provide briefings and updates of materials as requested by stakeholders and the public.

Information Technology

Information Technology provides expertise and support to the department in the areas of technology and infrastructure, business needs and processes and system development.

Highlights

Functional alignment of the department and the Alberta Energy and Utilities Board (EUB) was completed during the year, and a common vision and strategy for the Ministry's Information Technology function was established to support our corporate direction. The department and EUB Web sites were both redesigned in 2001-02 to reflect the Ministry's focus. Use of the department's Web site totalled 2.5 million hits in the year.

The department continued to establish itself as a knowledge leader in protecting electronic information and as a key component of cross-government security initiatives. Demand for our human capital was high, both within the department and across government. A high level of service quality was maintained to both internal and external clients.

We continued to experience growth in the number of our industry clients using the Electronic Transfer System (ETS). For example, automated land and title searches grew by 18 per cent to just over 157,000 electronic transactions in the fiscal year. Electronic transfers of funds are involved in over 99 per cent of all public offerings of petroleum and natural gas rights.

Legal Services

Legal Services offers analysis and advice on a range of legal matters. The business unit monitors and promotes Alberta's interests in energy transportation and transmission, particularly in relation to access and tolling for facilities outside Alberta and on the Nova Gas Transmission System. The business unit also ensures fair and objective handling of appeal and dispute resolution processes for industry objections about royalty calculation and monitors, supports and reports on the department's legislative planning and regulatory review processes.

Highlights

The Natural Gas Price Protection Act and Regulations were enacted. The Ministry has completed Regulatory Review for many of the regulations it administers. It is making special efforts to review regulations by March 31, 2003.

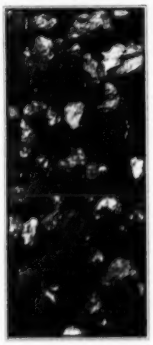
Policy, Planning and External Relations

Policy, Planning and External Relations provides services in the areas of business and strategic planning, performance measurement, policy development and external relations.

Highlights

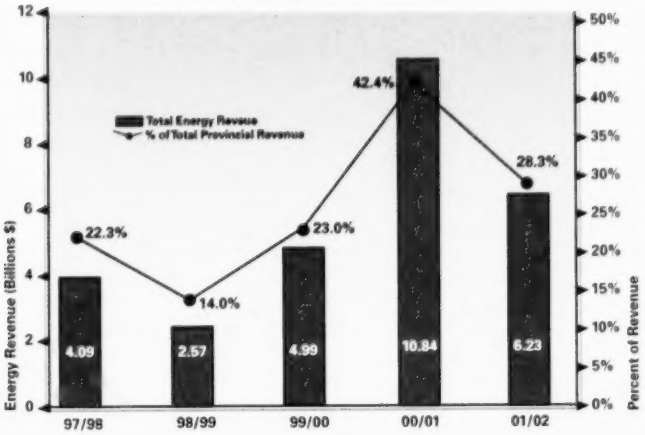
Significant progress was made in redeveloping the Ministry's business plan and performance measures. The business unit also supported the Minister of Energy and other elected officials on trade missions and assisted a number of foreign delegations in Alberta.

Analysis of Key Activities



The fiscal year saw tremendous interest and activity in electricity restructuring, natural gas prices and government rebate programs. Communications programs and a Public Information Centre were developed to respond to this interest, and to increase awareness and understanding of energy's role in Alberta's present and future. From July 2001 to March 31, 2002, the department's Public Information Centre responded to nearly 2,700 requests for information. In the midst of this, the department strengthened both our excellent working relationships with industry and the level of customer satisfaction with the services we provide.

Net Non-renewable Resource Revenue and as Percent of Total Provincial Revenue



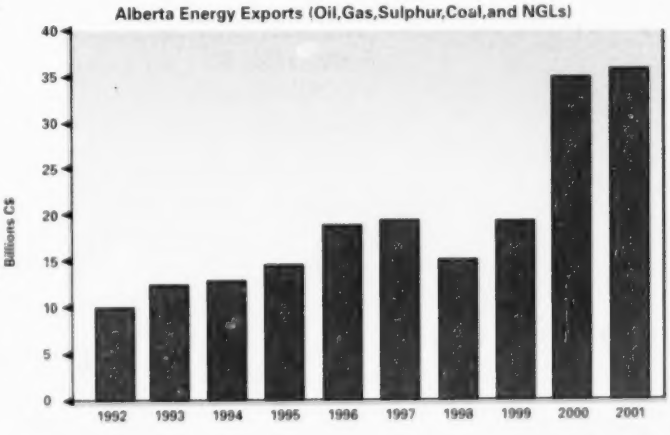
Investment in Alberta's electricity sector increased markedly in 2001, following industry restructuring. Over the next five years, the private sector is expected to add about 5,000 megawatts (MW) of generating capacity to the provincial electricity grid — taking Alberta's installed capacity to 15,000 MW, nearly one-third more than today's 11,000 MW. Actual new generation added in 2001-02 was 591 MW. One megawatt is a thousand kilowatts, enough to light 1,000 homes.

Analysis of global energy trends expected through 2010 was completed in 2001 providing the foundation for developing long-term energy strategies and policies for Alberta.

The Department of Energy developed the Northern Gas Strategy to articulate Alberta's position on pipeline development, particularly with respect to promotion and awareness of the Alberta Hub. The department communicated this vision across North America. Northern gas is a substantial benefit that allows facilities to be utilized to their maximum benefit, thus reducing unit costs. It also allows for more liquid extraction for Alberta's petrochemical business.

In response to concerns over regulatory overlap and duplication, the department, along with the Alberta Energy and Utilities Board (EUB), Alberta Environment and Alberta Sustainable Resource Development, established a project team to review all energy resource development-related regulations in the coming year.

Alberta Energy Exports (Oil,Gas,Sulphur,Coal,and NGLs)



During 2001-02, the department developed a tracking mechanism that provides more timely and relevant information on surface access restrictions that are currently in place, that restrict the development of Albertans' resources. The department also worked with Aboriginal groups to ensure resource development continues in traditional Aboriginal use areas. Legislated protected areas remain at 12.5 per cent of the provincial land base.

During the 2000-01 fiscal year, the EUB issued Decision 2000-22, which shut in 146 natural gas wells in the Surmont area. In its decision, the EUB determined that continued production of natural gas in the Surmont area presented a significant risk to future bitumen recovery from Gulf Oil Ltd.'s Surmont oil sands leases. During the year, the department worked with the EUB and industry partners affected by this decision to try to resolve the gas over bitumen issue. The department will continue to work at resolving this issue.

Surveyed level of satisfaction with the Department of Energy exceeded provincial government expectations in 2001. Polling by an independent research firm found 81 per cent of industry clients to be satisfied in their dealings with the department, up from 76 per cent the previous year. Helpfulness and staff professionalism was rated at 83 per cent, up from 79 per cent a year ago.

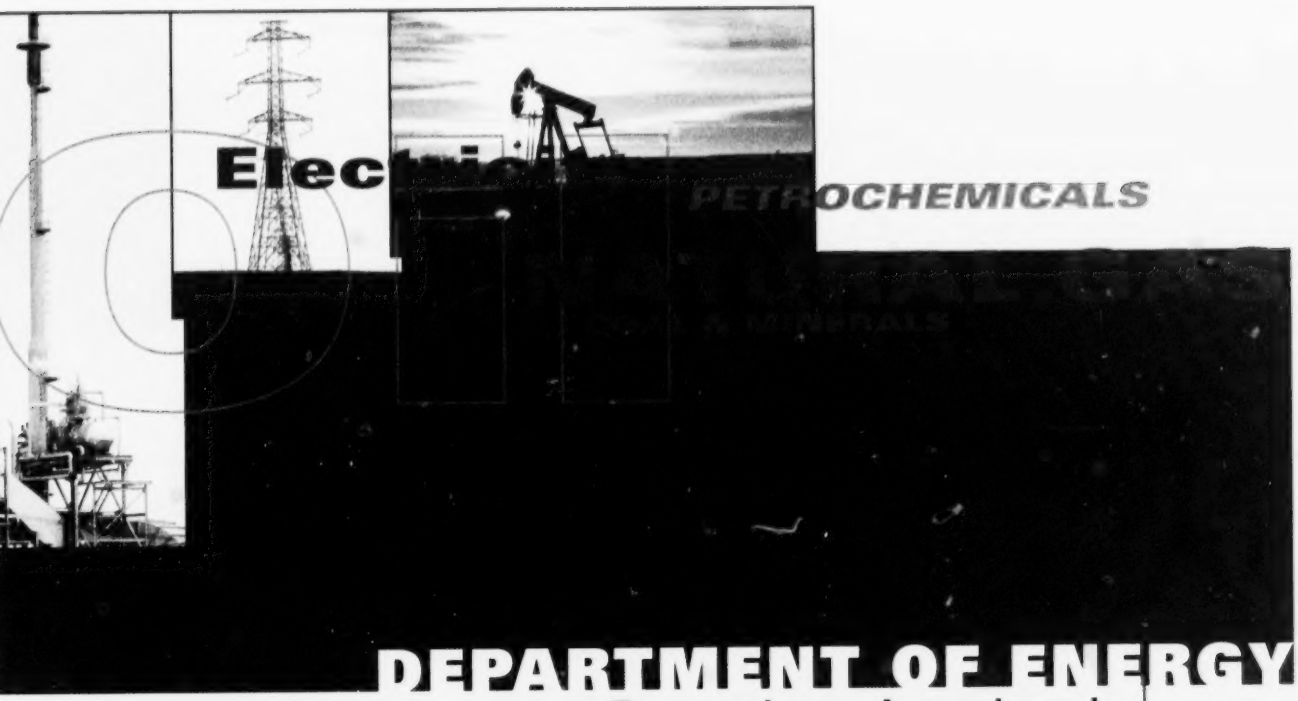
During the year, the department helped develop an Alberta approach to climate change and the Kyoto Protocol with Alberta Environment and other stakeholders. We continue to work with industry and other stakeholders to develop a plan to effectively manage and use CO_2 emissions. Up to ten potential projects have been identified, with business cases being developed by industry. A steering committee was established to oversee the process, with co-chairs representing both the department and industry. Information sessions held on the topic in 2001 were well attended.

VIPIR, the Volumetric and Infrastructure Petroleum Information Registry project to build a shared electronic database for reporting between industry, the department and the EUB, was renamed the Petroleum Registry of Alberta. The registry is on track for implementation, as planned, in October 2002. It will allow electronic transactions in place of the estimated 84,000 paper filings made each year by industry.

The Natural Gas Price Protection Act and Regulations were developed and enacted. This legislation enables the Alberta government to implement rebates to protect consumers in the event that natural gas prices rise dramatically.

The department began work to build formal procedures for consultations with First Nations. We also worked with Aboriginal groups to ensure resource development is based on improved relationships among First Nations, industry and government.

	High	Low	Average
Prices in 2001-02:			
Oil: (U.S. $/barrel)	$28.68	$19.40	$24.18
Natural Gas: (Cdn. $/GJ)	$11.24	$2.40	$5.24



DEPARTMENT OF ENERGY

Results Analysis

Alberta ENERGY

REPORT OF THE AUDITOR GENERAL ON THE RESULTS OF APPLYING SPECIFIED AUDITING PROCEDURES TO PERFORMANCE MEASURES

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Energy's performance measures included in the 2001-2002 Annual Report of the Ministry of Energy as presented on pages 25-43.

1. Information obtained from an independent source was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.

2. The calculations which converted source information into reported measures were tested.

3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exception. However, these procedures do not constitute an audit, and therefore I express no opinion on the performance measures included in the 2001-2002 Annual Report of the Ministry of Energy.

Fred J. Dunn CA
Auditor General

Edmonton, Alberta
August 2, 2002

Discussion of goals, performance and results

Goal 1

Optimize Albertans' resource revenue share and benefits from the development of their resources over the long term.

Performance Measure

Share the profits from resource development.

Target

Maintain a three-year moving average in the range at 20 to 30 per cent.

Results

Three-year moving average

1995	1996	1997	1998	1999	2000	2001 estimate
22 %	23 %	23 %	22 %	21%	22 %	23 %

Source: Energy Update published by Ross Smith Energy Group Inc.
Note:* net operating revenue in this calculation is net of income taxes and excludes interest charges.

Discussion

For the core resources of oil and natural gas, an indicator of this balance is the portion of industry's annual net operating revenue that is paid to the Crown as royalty. The performance measure increased in 2001 (estimated) due to the nature of the three-year moving average. On a year-over-year basis, 2001 looked very similar to 2000, meaning that there were two strong years out of three in the measure, versus one strong year out of three in last year's figure. The measure indicates the balance between the two key objectives of the resource development system:

- to capture a fair share of the revenue from development of resources, for the benefit of Albertans.
- to encourage continued investment in and development of the resources by leaving enough revenue with producers to cover costs and a fair profit.

The department will explore expansion of this measure to cover other commodities, where appropriate.

Resource Competitiveness: A draft measure has been completed. The department is working to update data for the resource competitiveness model. The measure is awaiting executive approval.

Further performance measures to address the complete and accurate collection of revenue will be explored.

Crown Revenue Assurance: A new measure has been developed to address the complete and accurate collection of revenue and has been included in the 2002-05 business plan for the Ministry.

Goal 2

Advocate for the removal of barriers to the development of energy and mineral resources in Alberta.

Approval of Mineral Development Strategy by 2001-02: A draft Mineral Development Strategy has been completed and will be presented to Government for approval in the coming fiscal year.

Two additional Natural Resource Initiatives completed in 2001-02: Two Natural Resource Initiatives were completed during the year as part of the Aboriginal Policy Initiative.

Regulatory Approval Processes Streamlined by 2003-04: A project team has been established with representation from the Ministries of Energy, Environment and Sustainable Resource Development to address this initiative. Work is scheduled for completion in fiscal 2003-04.

Further performance measures will be explored for the next business plan.

Energy Resource Portfolio Diversification: A new measure has been developed and has been included in the 2002-05 Ministry business plan.

Goal 3

Advance the competitiveness of Alberta's energy and mineral resources.

Competitive Commodity Analysis by 2001-02: A competitive commodity analysis was completed and provides the foundation for the development of long-term energy strategies for Alberta.

The department continues to explore other potential performance measures for this goal.

Goal 4

Provide strategic research direction to achieve long-term energy and mineral development goals.

Priority areas identified by department by 2001-02: The department is a member of the Alberta Energy Research Institute (AERI) Board of Directors. AERI has a new energy research strategy with emphasis on clean coal, upgrading technologies, CO_2 management with energy production, improved oil and gas recovery, fuel cells and hydrogen. The department is working with AERI to secure additional funding.

Leveraged research funding from industry and federal stakeholders: The department is working with AERI to secure additional funding.

The department continues to explore other potential performance measures for this goal.

Goal 5

Prepare a long-term energy outlook for Alberta that secures supply and benefits and positions Alberta within a broader North American energy marketplace.

Develop an energy policy for the Minister's review by end of 2001-02: A competitive commodity analysis and a comprehensive review of the global energy picture have been completed. These analyses will be used as the foundation for developing long-term energy strategies and/or policies for Alberta. Identification of long-term strategic issues and implications is under way.

The department continues to explore other potential measures for this goal.

Goal 6

Inform Albertans about the opportunities for a continuing supply of Alberta's energy and mineral resources from conventional and non-conventional resources.

Performance Measure

Increase Albertans' understanding of Alberta's energy and mineral resources and their economic significance.

Target

Increase Albertans' awareness and understanding of energy resources to 60-70 per cent by 2004-05.

Results

2000-01 (baseline survey) . . . . . 46 per cent

This represents the overall average response to six questions. The first five questions pertain to Albertans' understanding of energy and mineral resource matters (average result was 39 per cent). The sixth question asked respondents to assess whether the provincial government was doing a fairly good or very good job at providing Albertans with energy sector information (result was 62 per cent).

Source: Ipsos-Reid Survey

Discussion

As resource owners, Albertans need to be aware of Alberta's supply of energy and mineral resources and the importance of these resources to Alberta's economy and society. Alberta Energy will focus on improving Albertans' knowledge through improved communication and information. In response to the department's commitment to develop this measure, 1,200 Albertans, 18 years of age and older, were randomly selected and surveyed via telephone last year. Results are considered accurate to within +/- 2.8 percentage points 19 times out of 20. Questions asked related to overall knowledge of the industry and included who owns the resources, how much they contribute to the Alberta economy and where Albertans go to get information on natural resources.

Goal 7

Establish a customer choice framework for providing stable affordable energy for Albertans.

Performance Measure

Attract investment in new power generation in Alberta.

Target

400 megawatts per year.

Results

New generation totaled 591 MW in 2001, nearly 1.5 times our target. This included upgrades to existing coal-fired generation plants, new cogeneration facilities associated with industrial developments, flare gas capture and wind power.

Source: The Department of Energy compiles information provided by producers, which is supplemented by information from the Power Pool of Alberta.

Discussion

Investment in new electricity generation reflects investor confidence in Alberta's restructured electricity industry. Growth in new generation will also support Alberta's ability to reliably meet growing demand for electricity in the province. The department is streamlining approval processes for building new electricity generating capacity.

Implement Bill 1, the Natural Gas Price Protection Act, effective July 1, 2001: The Natural Gas Price

Protection Act and Regulations were enacted effective July 1, 2001.

Develop performance measures on gas and electricity price: New performance measures for gas price and electricity restructuring were developed and are in the 2002-05 business plan.

Goal 8

Build an organizational environment for success.

Performance Measure

Industry satisfaction with department services.

Target

80 per cent by 2003.

Results

1998	1999	2000	2001
75 %	79 %	76 %	81 %

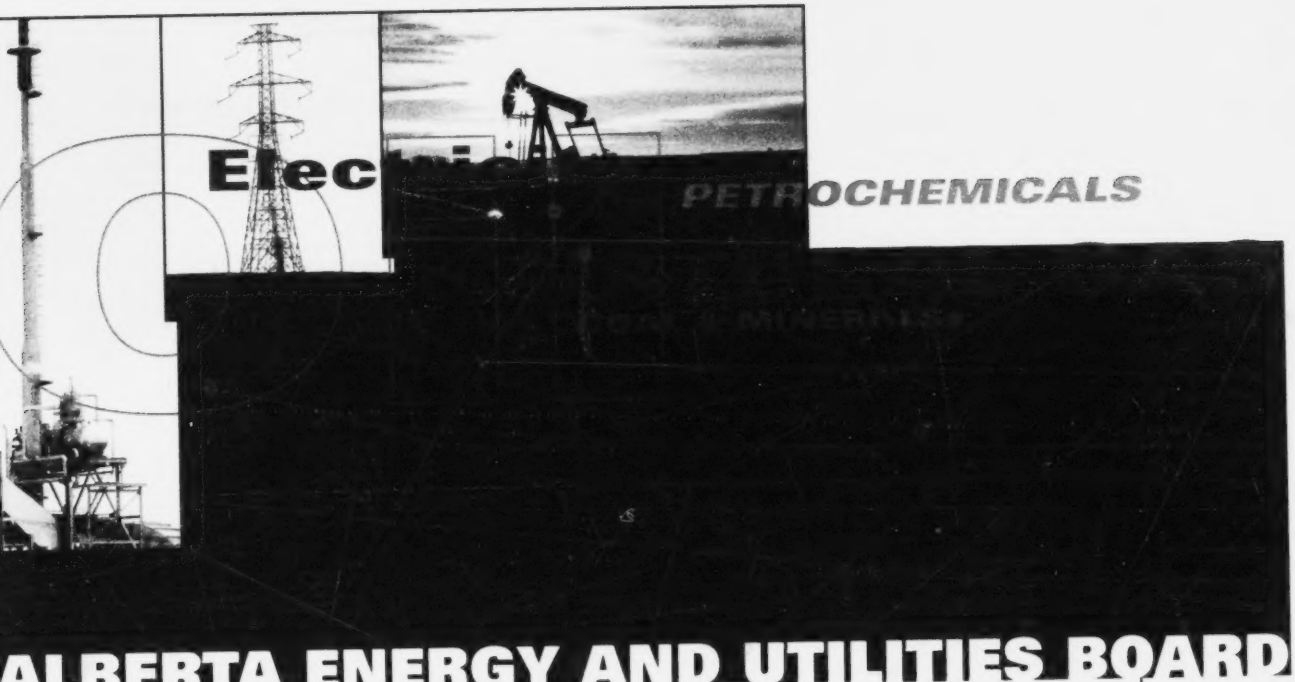
Source: Environics West Survey

Discussion

The department monitors industry satisfaction to identify opportunities for improvement and ensure services keep pace with changing requirements in the resource sectors. Industry satisfaction is an indication of staff competence, knowledge, satisfaction and service. During late November last year, Environics West surveyed over 600 industry clients, representing business areas that have regular contact with industry.

Industry clients were asked to gauge their satisfaction with the Department of Energy in a number of areas including helpfulness and professionalism, timeliness and accuracy. The results are an average of overall satisfaction ratings of the business areas and are considered accurate to within +/- 3.9 percentage points 19 times out of 20. The department will include at least one other business area in the next survey. The department applies the Government of Alberta's service excellence framework focusing on courteous, competent and timely service to clients.

Further measures of organizational effectiveness employing benchmarking will be explored: See new performance measure that was developed under Goal 6.



ALBERTA ENERGY AND UTILITIES BOARD

Operational Overview

EUB

Alberta Energy and Utilities Board

Core Businesses

Adjudication and Regulation: Adjudicate and decide on matters relating to the development and transportation of energy resources and utility rates.

Applications: Ensure energy resource development is in the public interest. The application process includes handling, processing and ruling on new applications for energy and utility activities or amending existing approvals.

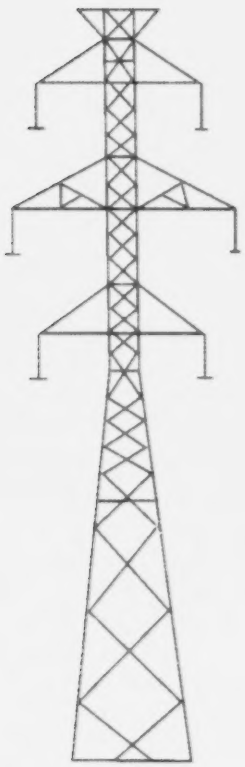
Surveillance and Enforcement: Ensure public safety and environmental protection through regulatory requirements, surveillance and enforcement.

Information and Knowledge: Ensure the availability of energy and mineral resource information to support responsible development.

Vision – The Alberta Energy and Utilities Board (EUB) will continue to build a regulatory framework that inspires public confidence.

Mission – Our role is to ensure that the discovery, development and delivery of Alberta's resources and utility services takes place in a manner that is fair, responsible and in the public interest.

COAL & MINERALS



EUB Branch Summaries

Applications

Comprised of three groups, Applications provides an integrated, streamlined approach to processing about 30,000 energy development applications per year. Staff undertake project reviews, audits and approvals related to new or modified oil and gas facilities such as wells, pipelines, batteries and gas plants. The branch also looks after development and conservation projects for oil, gas, oil sands and coal. Staff specialists provide market analysis and socioeconomic evaluation for major applications, as well as general economic expertise.

Compliance and Operations

Created to ensure compliance and asset and liability management for operating energy developments. Compliance and Operations also provides technical support to Field Surveillance staff responding to complaints, uncontrolled releases and other operational problems. As well, the branch co-ordinates development and application of enforcement policy and practices, provides technical support to the EUB's application and adjudicative processes, and helps develop operational, business and technical requirements for protection of the public and the environment.

Corporate Support

Several groups comprise the Corporate Support branch, including Human Resources, Building Services and Communications. Human Resources provides services and programs to ensure a competent and committed workforce is in place to achieve EUB goals and objectives. Communications develops strategic communication and consultation strategies and deliver related media, Web site and document services to inform staff and stakeholders about EUB activities.

Field Surveillance

Operating out of eight centres, Field Surveillance branch staff inspect construction, operation and abandonment operations at oil, gas and oil sands facilities. They also respond to emergencies and public complaints on a 24-hour basis, facilitate resolution of landowner-industry conflicts, participate in public-industry liaison committees and ensure a consistent approach to non-compliant operators. Field Surveillance contributes to industry's understanding and knowledge of EUB requirements and regulations at the field level. The branch also ensures oil and gas operations are conducted responsibly, in a manner that protects the public, the environment and the resources.

Finance

The Finance branch provides corporate services to the EUB, as well as managing revenue and expenditures and administering the industry funding levy. Staff also coordinate preparation of our three-year business plan and performance reports.

Information and Systems Services

Responsible for EUB information systems, support and technological infrastructure, this branch is focused on new ways to deliver electronic commerce. It also collects and disseminates energy resource information, including oil and gas production — which is also used to determine provincial royalties — well records, regulatory publications, maps and various energy databases.

Law

The Law branch provides direction, support and legal advice on non-routine applications, procedural and regulatory policy, costs, legislation and regulations, judicial matters, and related internal and external consultation. The branch administers intervener funding and leads the Board Advisory Committee, a senior technical body that provides advice to the Board on non-routine application and policy matters. The branch also ensures that the elements of neutrality, fairness and objectivity are maintained in the Board's decision and policy-making processes.

Resources

This branch is comprised of the Alberta Geological Survey (AGS) and the Resource Appraisal Group. The Resource Appraisal Group provides an independent assessment of oil, oil sands, gas and coal reserves in the province of Alberta. AGS provides geoscience research, information and expertise that support development of the province's mineral and energy resources. Both groups provide technical expertise in support of the application and hearing processes.

Utilities

The Utilities branch regulates investor-owned natural gas, electric and water utilities to ensure that customers receive safe and reliable service at just and reasonable rates. The branch also ensures electricity-generating facilities are built, operated and decommissioned in an efficient and environmentally responsible way. In addition, branch staff respond to customer inquiries and complaints respecting utility matters.

Key factors influencing performance

In response to landowner concerns about oil and gas development, the EUB formed the Public Safety Implementation Team in January 2001. Through the end of fiscal 2001-02, work was begun on 49 of the team's 87 recommendations and 14 were completed. Board staff facilitated 161 landowner-industry disputes, completing 115, of which 98 were fully resolved (an 85 per cent success rate). There were also 30 disputes handled by the EUB's Appropriate Dispute Resolution program, which employs third-party mediators to further encourage resolution of disputes between parties. Of these, 23 were completed, with 19 resolved (82 per cent).

Oil and gas activity continued to be strong in 2001-02, although some volatility in oil and natural gas prices reduced activity from the record-setting pace of 2000-01. We received 27,688 facilities license applications in 2001-02, eight per cent less than the previous year.

To better achieve its broader mandate, the EUB issued a number of key decisions in 2001-02 that were required to assist the transition of Alberta's electricity industry. We also continued work on key resource conservation issues, including gas-over-bitumen conflicts.

Analysis of Key Activities

A primary EUB role is to adjudicate and regulate energy developments and utility rates in the public interest. This means providing an opportunity to be heard to people who may be directly and adversely affected by proposed developments and rate changes.

The EUB held 49 public hearings and 10 pre-hearings in 2001-02. Of the 49 hearings, 25 addressed utility issues and 24 addressed energy matters. The Board also conducted 88 written proceedings.

- Energy hearings mainly concerned well licenses, pipeline permits, gas plants, and building and modifying oil and gas facilities. There was direct public involvement in 18 energy hearings; five were industry-industry issues, and one was a Board-initiated proceeding.
- Utility proceedings considered matters such as electricity-generating facilities, rates, tariffs, legislated requirements related to restructuring of the electricity industry and complaints. Consumer groups normally represent the public at rate hearings.
- Public issues raised at hearings included the location of proposed facilities; air, soil, and water quality; noise, traffic, safety and land-use issues; urban encroachment, public consultation, cumulative effects and regional development; and human and animal health concerns.

The EUB published 128 decisions in 2001-02. Of these, 107 were utilities matters, including 23 refilings and four review and variance decisions. The remaining 21 were energy issues.

A number of utilities decisions were issued within legislative time lines, pursuant to electricity repositioning. The transition to repositioning of the electricity industry required the complete unbundling of the various components of electricity service. The EUB also maintained its role in approving the Regulated Rate Option (RRO) for residential, farm, irrigation and small commercial customers that do not select an electricity retailer.

Major Hearings and Decisions for 2001-02

May 29, 2001 – Decision 2001-046 was issued regarding ATCO Gas North's application to sell its Viking, Beaverhill Lake/Fort Saskatchewan, Westlock et al, and Lloydminster natural gas producing properties. The EUB approved the sale of the Westlock and Lloydminster assets, but denied the sale of the Viking and Beaverhill Lake/Fort Saskatchewan properties, after it was determined the sale could result in harm to ATCO customers. The reasons for this decision were set forth in Decision 2001-065, issued July 31, 2001.

July 24, 2001 – A pre-hearing meeting was held for a pending joint EUB/Natural Resources Conservation Board (NRCB) hearing over an application by Glacier Power Ltd. to build and operate the Dunvegan Hydroelectric Project, an 80-megawatt facility on the Peace River, upstream of the Dunvegan bridge. In the pre-hearing, the EUB and NRCB noted that certain issues should be addressed at the hearing. These included the flow of the Peace River and its potential for slumping and erosion, and the ice regime of the Peace River and associated impacts of flooding, including vehicle access across the river via ferries and ice bridges. Other issues are impacts to other users, fish movements and fish populations, and terrestrial wildlife populations and associated habitat. The hearing is expected to commence in late 2002.

October 30, 2001 – Following a Board-initiated hearing, the EUB issued Decision 2001-075 addressing methodologies used by natural gas utility companies to manage their gas supply and set Gas Cost Recovery Rates (GCRR). As well, the decision addressed several issues concerning unbundling — or separating — gas rates into the various utility service functions, which would allow marketers to perform these services for their customers. The Board determined that billing, call centre and customer credit and collection services could be separated from the utility and be provided by marketers. The EUB also reviewed the existing GCRR methodology and determined that a regulated supply option should be maintained, but found that certain proposed features of utility gas supply could create barriers to the development of a competitive retail gas market. The Board ruled that the regulated supply option will be a monthly GCRR, based on monthly indexed gas prices, without additional price stabilization features built in to the rate. This monthly rate began April 1, 2002.

December 11, 2001 – The EUB received a Review and Variance (R&V) application from ATCO Gas North for Decisions 2001-046 and 2001-065 on September 14. The R&V requested a review of those decisions in light of new evidence that might cause the Board to reconsider. In this case, ATCO negotiated a new deal with the prospective buyer for its Viking natural gas properties, then secured approval from the intervenors who had originally opposed the sale. The EUB approved the restructured sale on December 11. However, the manner in which the proceeds from the sale would be distributed to customers had not yet been determined and would require another application by ATCO.

December 11, 2001 – Following a 17-day public hearing featuring substantial public involvement, the Board approved an application by AES Calgary ULC's to build and operate a 525-megawatt natural gas-fired power plant approximately 1.6 kilometres east of Calgary's city limits. The EUB, which ruled the plant could be safely built and operated, placed several conditions on the approval to ensure the concerns raised by intervenors are addressed. The conditions focused on health and safety matters such as emergency response planning, air monitoring, noise, insurance and operational standards.

December 21, 2001 – The Board approved an application by EPCOR Generation Inc. and EPCOR Power Development Corporation for a 490-megawatt expansion to its Genesee coal-fired power plant located approximately 80 kilometres west of Edmonton. The Board ruled EPCOR's proposed development would meet all applicable regulatory standards and was in the public interest. The approval is subject to a number of conditions, including a requirement that the project provide for the orderly implementation of reasonably foreseeable changes in environmental regulatory standards as these are put into effect by federal and provincial agencies, and increased environmental monitoring programs. EPCOR's application was considered at an EUB hearing held in Genesee, Alberta from September 18 to September 25, 2001.

February 12, 2002 – Following a 10-day hearing, the Board approved TransAlta Energy Corporation's (TransAlta) application to construct and operate two 450-megawatt generating units at its existing Keephills coal-fired power plant located about 70 km west of Edmonton. In handing down its decision, the Board ruled the proposed development would meet all applicable regulatory standards and was in the public interest. The Board's approval is subject to a number of conditions, directions and recommendations. These include a recommendation to Alberta Environment that the project should provide for the orderly implementation of reasonably foreseeable changes in environmental regulatory standards as these are put into effect by federal and provincial agencies. The hearing was held in Stony Plain, Alberta from October 30 to November 15.

February 21, 2002 – The Board approved ATCO Gas North's application to distribute proceeds from the sale of its Viking assets in lump-sum payments to customers. Because the Viking property supplied low-cost gas to ATCO – which was in turn passed on to ATCO Gas North customers – the payments were made to offset the benefit lost to customers in the future.

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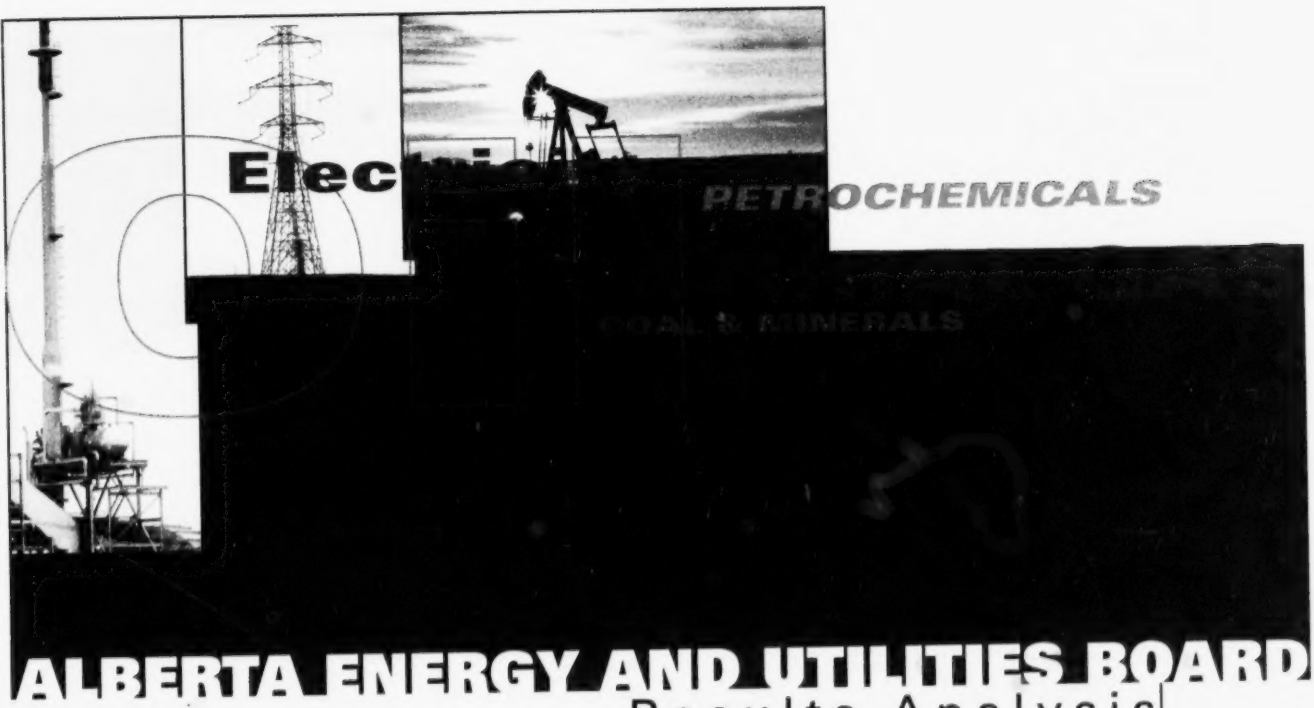
December 21, 2001 – The Board approved an application by EPCOR Generation Inc. and EPCOR Power Development Corporation for a 490-megawatt expansion to its Genesee coal-fired power plant located approximately 80 kilometres west of Edmonton. The Board ruled EPCOR's proposed development would meet all applicable regulatory standards and was in the public interest. The approval is subject to a number of conditions, including a requirement that the project provide for the orderly implementation of reasonably foreseeable changes in environmental regulatory standards as these are put into effect by federal and provincial agencies, and increased environmental monitoring programs. EPCOR's application was considered at an EUB hearing held in Genesee, Alberta from September 18 to September 25, 2001.

February 12, 2002 – Following a 10-day hearing, the Board approved TransAlta Energy Corporation's (TransAlta) application to construct and operate two 450-megawatt generating units at its existing Keephills coal-fired power plant located about 70 km west of Edmonton. In handing down its decision, the Board ruled the proposed development would meet all applicable regulatory standards and was in the public interest. The Board's approval is subject to a number of conditions, directions and recommendations. These include a recommendation to Alberta Environment that the project should provide for the orderly implementation of reasonably foreseeable changes in environmental regulatory standards as these are put into effect by federal and provincial agencies. The hearing was held in Stony Plain, Alberta from October 30 to November 15.

February 21, 2002 – The Board approved ATCO Gas North's application to distribute proceeds from the sale of its Viking assets in lump-sum payments to customers. Because the Viking property supplied low-cost gas to ATCO – which was in turn passed on to ATCO Gas North customers – the payments were made to offset the benefit lost to customers in the future.



ALBERTA ENERGY AND UTILITIES BOARD

Results Analysis

EUB

Alberta Energy and Utilities Board

Discussion of goals, performance and results

Goal 1

Prompt and satisfactory resolution of landowner and industry conflicts.

Performance measure 1.1

Resolution of objections related to new facilities.

Target

85 per cent of objections resolved without hearing.

The measure monitors the percentage of objections to new facility and resource development applications that are resolved without hearings, relative to the total of new applications that come forward with objections. This attempts to quantify our ability to facilitate and resolve landowner, public and industry objections through mechanisms other than the hearing process.

Results

2000-01	2001-02
85 %	93 %

The target is based on 2000-01 baseline of 85 per cent. The EUB is seeking additional data to refine the forecasting target for this measure.

Actual performance of 93 per cent is above our target of 85 per cent. It is difficult to draw conclusions at this point, based on one year's data.

Performance measure 1.2

Resolution of objections relating to existing facilities.

Target

83 per cent of incidents resolved to the satisfaction of the complainant.

The measure determines the degree of customer satisfaction with resolution of operational issues brought forward to the EUB. It relates only to complaints received by field surveillance staff concerning existing facilities.

Where the customer is satisfied, the EUB considers the matter to be resolved. Where the customer is not satisfied, EUB Field Centre staff review the file and assess whether all EUB policies and regulations have been followed. If necessary, staff conduct an additional inspection of the facility that is the focus of the issue or concern, and make a personal visit to the complainant. In all cases, the customer is contacted and receives an update.

The measure ensures EUB field staff are satisfactorily monitoring industry compliance. Where there is a landowner-industry conflict over potential non-compliance, the process ensures potential non-compliance is addressed to current standards and regulations. The process also ensures complaints are validated and, where possible, resolved.

Results

1998-99	1999-2000	2000-01	2001-02
75 % (5 months only)	80 %	66 %	68 %

Results were in the target range of 80 per cent before the complaint callback process was clarified by a definition change in July 2000 that required complainants to specify if the incident was resolved to their satisfaction. Previously, failure to indicate Yes or No in the space provided on the form left staff to interpret whether the complainant was satisfied.

Actual performance of 68 per cent is below our target of 83 per cent. The EUB resolves complaints in accordance with governing Acts, regulations and policies. While Alberta recognizes that resource development has impacts, the complainant may not be satisfied with the resolution, especially as public expectations have increased as a result of increased awareness, particularly in the areas of flaring, odours and emissions, and noise. In some cases, the public expects zero impact.

Performance measure 1.3

Solution gas production conservation/flaring reduction.

Target

Reduction in solution gas flared (over 1996 levels) in accordance with current and future Clean Air Strategic Alliance (CASA) recommendations.

The measure shows the effectiveness of regulatory requirements and industry practices in achieving an appropriate degree of conservation of solution gas and environmental protection, by reducing flaring from crude oil and crude bitumen batteries. Monitoring industry compliance with requirements to reduce flaring contributes to potentially fewer conflicts and encourages more positive landowner-industry relations.

Results

1999-2000	2000-01	2001-02
30 %	38 %	53%

CASA is developing vent gas reduction targets and will be reviewing flaring reduction targets for year-end 2002 and beyond.

Calendar year-end 2001 target for solution gas flaring reduction is 25 per cent. This target was exceeded as the actual reduction for year-end 2001 is 53 per cent.

Goal 2

Develop efficient processes for effective utility regulation in the transition to deregulation.

Performance measure 2.1

Timeliness of decisions.

Target

Quality decisions delivered within legislative time frames.

The measure of timeliness of decisions was developed to ensure the EUB would deliver the necessary tariff decisions to enable restructuring of the Alberta electric industry.

Results

Delivery of quality decisions within the legislative framework was the performance measure established with respect to Utility Regulation. This measure was developed to ensure the Board would deliver the necessary tariff decisions to enable the restructuring of the Alberta electric industry.

The continuing transition to the full deregulation of the electric industry required the complete unbundling of the various components of electric service. Generation and competitive retail energy provision became fully deregulated as of January 1, 2001. However, given that transmission and distribution of electricity are natural monopolies, the Board was statutorily required to establish tariffs for these components of the electric industry for 2001. Additionally, the Board was required to establish a regulated rate option for a transition period, to allow residential, farm, irrigation and small commercial customers time to make choices as to competitive retailers.

Legislative Requirements for Tariff Decisions

Transmission Facility Owners' (TFO) tariffs for TransAlta Utilities Corporation, ATCO Electric Ltd. and EPCOR Transmission Inc. were required to be filed for Board approval pursuant to section 15 of the Distribution Tariff Regulation.

The Transmission Administrator (TA) tariff was required to be filed by ESBI Alberta Limited pursuant to section 16 of the Distribution Tariff Regulation.

Distribution tariffs (DT) for UtiliCorp Canada Networks (Alberta) Ltd. and ATCO Electric Ltd. were required to be filed for Board approval pursuant to section 3 of the Distribution Tariff Regulation.

Regulated Rate Option tariffs for ATCO Electric and EPCOR Energy Services (Alberta) Inc. within the service territory of UtiliCorp, were required to be filed pursuant to section 2 of the Regulated Rate Option Regulation.

Decisions Issued

All required tariff decisions were issued within the legislative timeframes outlined. Copies of all decision reports are available on the EUB's Web site at www.eub.gov.ab.ca, as are details of earlier decisions to provide a complete picture of the decisions issued to meet statutory requirements. The majority of the final tariff deadlines were issued in the 2001-02 fiscal year, with the groundwork to ensure these deadlines would be met occurring in the 2000-01 fiscal year.

Performance was on target, as per deadlines for final 2001 tariffs set forth in the Distribution Tariff Regulation. Final decisions respecting the TFO tariffs, TA tariffs and DT tariffs were issued by the legislated deadline of June 1, 2001.

Goal 3

Timely and efficient application and hearing processes.

Performance measure 3.1

Timeliness of hearing decisions.

Target

95 per cent of decisions issued in less than 90 days from the end of the hearing.

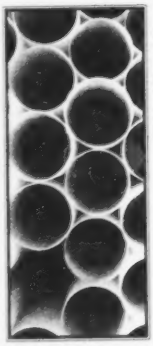
Tracking the timing of hearing decisions measures our ability to improve application and hearing process timeliness, ensuring all parties to the adjudicative process are satisfied and can expect decisions are consistently issued within a prescribed timeframe,without compromising quality.

Results

2000-01	2001-02
94 %	99 %

Turnaround time for decisions was reviewed and a commitment was made by the EUB in 2000-01 to issue 90 per cent of decisions within 90 days. The 2000-01 data was used as a benchmark to assess the forecast and targets for 2001-04.

Performance was on target. Ninety-nine per cent of hearing decisions were issued in less than 90 days. The target of 95 per cent was exceeded as hearing lengths did not exceed



30 days and an efficient adjudicative process was ensured by the continuity of using the same hearing panels with respect to electrical matters.

Performance measure 3.2

Application turnaround time.

Target

3 to 3.5 working days (average) turnaround time for routine facility applications.

The measure monitors application turnaround time from submission to approval. It is an indicator of the efficiency of the EUB's application-handling process and is based on past performance. Starting fiscal 2001-02, the turnaround time was measured using working days. Calendar days was not a fair representation of performance since many applications are received at the end of the week and approved at the beginning of the next week.

Results

1998-99	1999-2000	2000-01	2001-02
3.4 (calendar days)	4.2 (calendar days)	3.2 (calendar days)	1.4 (working days)

Actual performance of 1.4 working days is above our target of 3 to 3.5 working days. The target was exceeded due to numerous factors — more management attention, additional staff resources and a stable computer environment were directed to the process to improve efficiency, and industry has become more familiar with the process, resulting in fewer errors.

Goal 4

Facilities comply, standards are adequate and the public is safe.

Performance measure 4.1

Percentage of industry compliance with established standards.

Target to be developed. The EUB will review High Vapor Pressure (HVP) pipeline safety and integrity with external stakeholders, then identify and incorporate appropriate measures into the EUB's regulatory framework that assures public safety by April 2002.

There is a concern that the existing HVP pipeline standards and regulations may not adequately reflect technology advancements and population encroachment of the last 20 years. This project will assess whether existing standards and regulations adequately control HVP pipeline safety. If not, the project will include proposing modifications to enhance safety and implementing a plan to install those modifications.

Results

n/a

The indicator and performance measures are to be developed with input from industry and the public. Time needed to receive this input allows for completing industry discussion and developing initial proposals, followed by public review and comment.

The project is on target. The report 'Incident Causes and Control' is complete. A background document, introductory letter and briefing note were completed to take the matter to industry for review and comment. Review with industry was conducted in March 2002. Broader stakeholder review is following.

Performance measure 4.2

Adequacy of emergency response plans.

Target

Conduct one emergency response exercise per co-op for oil spill preparedness, for an annual total of 20 exercises.

The measure is designed to ensure that the upstream petroleum industry tests its emergency preparedness procedures in dealing with oil or saltwater spills.

Results

2001-02
18 exercises

Performance is on target. The original 20 zones have been amalgamated to 18 and the 18 co-op spill exercises scheduled for the calendar year have been completed. The EUB attended all 18 oil spill preparedness exercises. Audit protocols for emergency preparedness are being developed in accordance with Public Safety and Sour Gas (PSSG) recommendations 55 and 56.

Goal 5

Information management that meets the industry standard and stays up to date.

Performance measure 5.1

IT strategy for data migration.

Target

In 2001-02, 65 per cent of business data elements residing on the mainframe will be migrated to the data warehouse on the client/server platform.

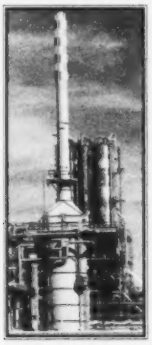
The measure reflects that the EUB is an information-based organization. Since the early 1980s, we have been collecting, organizing and managing significant volumes of information in a mainframe database management system, IDMS. We are migrating business processing from the mainframe to a client/server and Web-based environment, in order to support new o re-engineered business processes, and to provide greater and easier access to operational data. The resulting better software tools and improved access to data will support EUB processes and enable information management to better meet the industry standard.

Results

1999-2000	2000-01	2001-02
17 %	70 %	70 %

The first year of the three years was primarily devoted to acquiring, installing and testing the replication software. The target for the actual migration was thus set low and the remainder split over two years.

Performance of 70 per cent is above our target of 65 per cent. Migration advanced once replication software was installed in February 2001. Focus in 2001-02 was on building a consistent daily process for migration, as opposed to bi-weekly or monthly. Next steps include expanding data elements and preparing customer guides on use of software tools.



Performance measure 5.2

Implement electronic business process.

Target

Streamline and improve the efficiency of the administrative aspects of the application process by developing a Web-based registry system.

The measure addresses our industry stakeholders' preference for conducting application and regulatory business with us in an electronic environment.

Results

Target met. The Web-based registry system (Integrated Application Registry) was implemented internally in mid-summer and available live on the EUB Web site in September 2001. The registry provides internal case management of our application process and provides industry and other stakeholders with Web access to the status of applications in process.

Goal 6

Achieve economic conservation, ensuring long-term planning is supported by an accurate picture of supply and demand.

Performance measure 6.1

Provide an accurate picture of supply and demand.

Target

Ensure availability of information required to support long-term planning through the issuance of a reserves and supply and demand report, and design a bitumen (or oil sands) reserves database, both in 2001-02.

Part of the EUB's mandate includes striving for the right balance between resource conservation and profitable development. Issuing a reserves and supply and demand report, and developing a bitumen reserves database, provides information to aid long-term planning. Availability of accurate information is also critical for effective conservation efforts.

Results

Target met. The report, Reserves 2000 and Supply/Demand Outlook 2001-2010, was issued in June 2001. Design has been completed for the bitumen data model and all relevant geological data has been mapped to the data model.

Goal 7

Focus on expertise renewal and retention to meet human resources needs now and in the future.

Performance measure 7.1

Staff retention.

Target

Fulfillment of EUB core business commitments is impaired without appropriate staff expertise in place.

Our target is to reduce the level of regrettable turnover to 400 person-years of EUB experience. Regrettable turnover is defined as all terminations of permanent employees for reasons other than retirements, Board-initiated terminations, resignations of staff with performance issues, and resignations or terminations of staff in positions targeted for downsizing.

Total turnover in 1997 and 1998 was extremely high at 1,250 person-years of experience. The EUB began tracking regrettable turnover in 1999-2000, with the goal of reducing regrettable turnover each year to a target of not more than 50 per cent of the total turnover experienced in 1997 and 1998.

Results

1999-2000	2000-01	2001-02
328	167	122

To date, regrettable turnover of 122 person-years have been kept well below our targeted threshold level of 400 person-years of EUB experience. We expect this success to continue, provided the factors affecting turnover remain favourable.

Performance measure 7.2

Field staff renewal.

Target

Hiring six new field staff. Hirings contribute to succession planning for anticipated retirements. Expanding the Field Surveillance Program also re-establishes public confidence in the inspections program and enhances our facilitation role.

Results

2000-01	2001-02
12	6

Target met. There is an increase in field staff workload due to both an increase in the number of facilities and increased industry activity. The hirings also serve our long-term plan to groom replacements for pending retirees.

Alberta ENERGY

EUB
Alberta Energy and Utilities Board

Ministry of Energy

Financial Statements

March 31, 2002

Auditor's Report

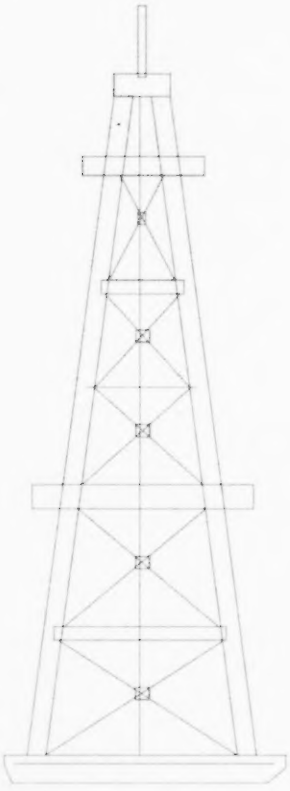
Consolidated Statement of Operations

Consolidated Statement of Financial Position

Consolidated Statement of Changes in Financial Position

Notes to the Consolidated Financial Statements

Schedules to the Financial Statements



AUDITOR'S REPORT

To the Members of the Legislative Assembly:

I have audited the consolidated statement of financial position of the Ministry of Energy as at March 31, 2002 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policies that are exceptions from Canadian generally accepted accounting principles:

Capitalization of Lease

A capital lease has been recorded as an operating lease. In my opinion, an amount of approximately $2,397,000 representing the net book value of the capital lease as at March 31, 2002 should be recorded as a capital asset in these financial statements. In addition, an amount of approximately $1,961,000 representing the obligation under capital lease as at March 31, 2002 should be recognized as a liability in these financial statements. The effect of the understatement of assets and liabilities is to understate net assets as at March 31, 2002 by approximately $436,000, and expenses for the year ended March 31, 2002 are overstated by approximately $107,000.

Capitalization of Assets

Capital assets costing less than $15,000 are expensed in the year acquired and have not been recognized as assets in the statement of financial position. The effect of this omission is to understate net assets as at March 31, 2002 by approximately $4,682,000, and to overstate expenses by approximately $67,000 for the year ended March 31, 2002.

In my opinion, except for the effects of the matters discussed in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn CA
Auditor General

Edmonton, Alberta
May 23, 2002

Ministry of Energy

Consolidated Statement of Operations

For the year ended March 31, 2002

(in thousands)

	Budget	2002 Actual	2001 Actual
Revenue: (Schedule 1)			
Non-renewable resource revenue	$ 7,536,000	$ 6,227,525	$ 10,586,185
Freehold Mineral Rights Tax	253,000	319,116	255,968
Industry levies and licences	74,568	66,032	55,435
Internal government transfers	–	456	289
Other revenue	2,838	16,544	5,646
	7,866,406	6,629,673	10,903,523
Expense: (Schedule 2)			
Energy and utility resources	99,993	84,625	79,511
Ministry support services	2,521	2,760	2,935
Resource development and management	73,103	61,710	59,090
	175,617	149,095	141,536
Net operating results	$ 7,690,789	$ 6,480,578	$ 10,761,987

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Energy

Consolidated Statement of Financial Position

As at March 31, 2002

(in thousands)

	2002	2001
Assets:		
Cash (Note 3)	$ 340,324	$ 433,755
Accounts receivable	388,323	3,067,264
Inventory held for resale	39,000	55,636
Prepaid expenses	1,006	1,004
Accrued pension asset (Note 4)	5,539	5,101
Capital assets (Note 5)	49,215	34,283
	$ 823,407	$ 3,597,043
Liabilities and Net Assets:		
Accounts payable and accrued liabilities	$ 58,442	$ 66,115
Unearned revenue	71,660	71,845
Gas royalty deposits	567,471	387,720
Funds held on behalf of others (Note 6)	30,146	36,104
Accrued pension liability (Note 4)	1,379	2,440
Tenant incentives	6,149	6,877
	735,247	571,101
Net Assets:		
Net assets, beginning of year (Note 12)	3,025,942	654,131
Net operating results	6,480,578	10,761,987
Net transfer to General Revenue	(9,418,360)	(8,390,176)
Net assets, end of year (Note 7)	88,160	3,025,942
	$ 823,407	$ 3,597,043

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Energy

Consolidated Statement of Changes in Financial Position

For the year ended March 31, 2002

(in thousands)

	2002	2001
Operating Transactions:		
Net operating results	$ 6,480,578	$ 10,761,987
Non-cash items		
Amortization	7,814	6,360
Pension expense	2,592	2,453
	6,490,984	10,770,800
Decrease (increase) in accounts receivable	2,678,941	(2,368,310)
Decrease (increase) in inventory	16,636	(6,636)
Increase in prepaid expenses	(2)	(418)
Decrease in accounts payable and accrued liability	(7,673)	(2,344)
Decrease in unearned revenues	(185)	(1,350)
Increase (decrease) in tenant incentives	(728)	5,926
Cash provided by operating transactions	9,177,973	8,397,668
Financing Transactions:		
Increase in gas royalty deposits	179,751	139,526
Net transfer to General Revenue	(9,418,360)	(8,390,176)
Pension obligations funded	(4,091)	(3,806)
Decrease in funds held on behalf of others	(5,958)	(4,820)
Cash used by financing transactions	(9,248,658)	(8,259,276)
Investing Transactions:		
Purchase of capital assets	(22,746)	(13,054)
Cash used by investing transactions	(22,746)	(13,054)
Net Cash (Used) Provided	(93,431)	125,338
Cash, beginning of year	433,755	308,417
Cash, end of year	$ 340,324	$ 433,755

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Energy

Notes to the Consolidated Financial Statements

March 31, 2002
(in thousands)

Note 1

Authority

The Minister of Energy has been designated as responsible for various Acts by the Government Organization Act and its regulations. To fulfill these responsibilities, the Minister administers the organizations listed below. The authority under which each organization operates is also listed. Together, these organizations form the Ministry of Energy.

Organization	Authority
Department of Energy	Government Organization Act
Alberta Energy and Utilities Board (The Board)	Alberta Energy and Utilities Board Act
Alberta Petroleum Marketing Commission (The Commission)	Petroleum Marketing Act and the Natural Gas Marketing Act

Note 2

Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Basis of Financial Reporting

Basis of Consolidation

The accounts of the Department, the Board and the Commission are consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between entities within the Ministry have been eliminated.

The reporting period of the Commission is December 31. Transactions that have occurred during the period to March 31, 2002 and that significantly affect the consolidation have been recorded.

(b) **Revenues**

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include:
- amortization of capital assets.

- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- current service costs for the defined benefit pension plans. The Board has defined benefit pension plans. The Board uses the projected benefit method prorated on length of service and management's best estimate of expected plan investment performance, projected employees' compensation levels, and length of service to the time of retirement. Adjustments arising from plan amendments, experience gains and losses, and changes in assumptions are amortized over the estimated average remaining service lives of the related employee group (12 years). For the purpose of calculating the expected return, plan assets are valued at fair value.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in schedule 3 and are not reflected in the consolidated statement of operations.

Assets

Inventory consists of conventional and synthetic oil in feeder and trunk pipelines. Inventories are stated at net realizable value.

Capital assets are recorded at historical cost and are amortized over their estimated useful lives. The Ministry threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15.

Assets acquired by right, such as mineral resources, are not included.

Liabilities

Liabilities include all financial claims payable by the Ministry at fiscal year-end.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities, and gas royalty deposits are estimated to approximate their book values.

Note 3
Cash

Cash consists of a deposit in the Consolidated Cash Investment Trust Fund which is managed to provide competitive interest income while maintaining maximum security and liquidity of depositors' capital.

Note 4
Pensions

The department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,921 for the year ended March 31, 2002 (2001-$1,820).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of $5,338 (2000 - $170,858) and the Public Service Pension Plan reported a surplus of $320,487

(2000 - $635,084). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $399 (2000 - surplus $180).

In addition, the Board maintains a defined benefit Senior Employees Pension Plan and Supplementary Benefit Plans to compensate senior staff who do not participate in the government management pension plans. Pension fund assets for these plans are invested in high quality bonds and Canadian equities. The significant actuarial assumptions adopted in measuring the accrued benefit obligations for these plans are as follows:

	2002	2001
Discount rate	6.80%	7.40%
Expected long-term rate of return on plan assets	4.0% to 8.00%	4.0% to 8.00%
Rate of compensation increase	4.50%	4.50%

The funded status and amounts recognized in the Statement of Financial Position are as follows:

	Senior Employees Pension Plan		Supplementary Benefit Plans	
	2002	2001	2002	2001
Plan assets at fair value	$ 14,511	$ 14,244	$ 1,582	$ 356
Accrued benefit obligation	11,902	9,669	3,238	2,678
Plan surplus (liability)	2,609	4,575	(1,656)	(2,322)
Unamortizated amounts	2,930	526	277	(118)
Accrued pension asset (liability)	$ 5,539	$ 5,101	$ (1,379)	$ (2,440)

Additional information about the Board defined benefit plans are as follows:

	2002	2001
The Board's contribution	$ 1,690	$ 1,604
The Board employees' contribution	265	163
Benefit paid	533	532
Pension expense	191	251

Note 5
Capital Assets

				2002	2001
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	3-10 years	$ 89,285	$ 50,816	$ 38,469	$ 27,693
Equipment	3-20 years	9,793	5,833	3,960	2,978
Pipelines	40 years	2,927	907	2,020	2,093
Leasehold Improvement	Term of Lease	5,407	961	4,446	1,199
Land	–	320	–	320	320
		$ 107,732	$ 58,517	$ 49,215	$ 34,283

Note 6
Funds Held on Behalf of Others

The Board holds various forms of security for the proper abandonment of oil and gas wells and oil waste management facilities. The security, along with interest earned, is returned to the registered owner upon compliance. At March 31, 2002, the amount of security held aggregated $48,379 (2001 $52,392) of which $30,146 (2001 $36,104) is held in cash deposits.

Note 7
Net Assets

Net assets are comprised of:

	2002	2001
Alberta Energy	$ 54,303	$ 3,004,230
The Board	33,857	21,712
Total	$ 88,160	$ 3,025,942

Note 8
Trust Funds under Administration

The Ministry administers trust funds which are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds, and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, trust funds under administration were as follows:

	2002	2001
Mines and Minerals Act Securities Trust	$ 21	$ 52
Oil and Gas Conservation Trust	27	24
Total	$ 48	$ 76

Note 9
Commitments

Commitments to outside organizations in respect of contracts entered into before March 31, 2002 amount to $58,523 (2001 - $65,569). These commitments will become expenses of the Ministry when terms of the contracts are met. Payments in respect of these contracts and agreements are subject to the voting of supply by the Legislature. These amounts include obligations under long-term leases with lease payment requirements in future years of:

2002/03	$ 4,901
2003/04	4,847
2004/05	4,823
2005/06	4,833
2006/07	4,783
Thereafter	20,086
	$ 44,273

Royalty Paid Natural Gas

The Province is committed to payout January 1, 1994 balances of royalty paid natural gas and by-products injected into underground reservoirs prior to January 1, 1994. At March 31, 2002, the commitment was estimated at $57,904 (2001 $136,514). The commitment was estimated using the current gas price and royalty rate and will be amortized to 2006.

Alberta Petroleum Marketing Commission

The Alberta Petroleum Marketing Commission has allocated a portion of its anticipated pipeline requirements to firm transportation agreements of up to eleven years. These agreements obligate the Commission to pay tariff charges for contracted volumes in accordance with contract rates. The aggregate estimated commitment at December 31, 2001 of $109,044 (2000 $117,655) will be paid from future oil royalty revenue. Costs for these pipeline services are expected to be within the range of normal transportation costs.

Note 10
Contingencies

Set out below are details of contingencies resulting from administrative appeals and litigation, other than those reported as liabilities.

(a) Natural Gas & By-Product Royalties Appeals

Industry has appealed assessments resulting from the Ministry's Compliance and Assurance audits. The appeals relate to cost and unit price issues in the processing of natural gas liquids. The potential cost is unknown. In the opinion of management, the likely results of these appeals cannot be determined at this time.

(b) Land Claims

The government has identified and set aside specific tracts of land to satisfy land claims by Indian Bands. The claims related to these lands are not yet resolved. In the interim, the Ministry has issued 23 petroleum and natural gas dispositions on these lands and collected bonus and rental payments on the areas under dispute. When these land claims will be resolved is unknown. In the opinion of management, any losses that may result from the eventual settlement of these land claims cannot be determined at this time.

(c) Legal Claims

At March 31, 2002 the Ministry is a defendant in 2 legal claims (2001 - 5 legal claims). These claims have specified amounts totaling $15,651 (2001- Four of these claims have specified amounts totaling $47,792 and the remaining claim had not specified an amount). The department has been jointly named with other entities in both claims. The resulting loss, if any, from these claims cannot be determined.

(d) Natural Gas Over Bitumen

In its dual role of resource conservation and protecting the public interest, the Alberta Energy and Utilities Board is reviewing three applications concerning the effect of continuing gas production from a number of wells would have on future bitumen recovery in that area and the associated economic losses. The decision of the Alberta Energy and Utilities Board has not been made and the impact, if any, on the Ministry cannot be determined.

Note 11
Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Revenue, recorded as $6,629,673 in these financial statements, includes non-renewable resource revenue and freehold mineral rights tax, in the amount of $6,546,641 which is subject to measurement uncertainty. Revenue is calculated based on production volumes reported to the Ministry by royalty payers. These volumes could vary significantly from that initially reported.

Accounts receivable, recorded as $388,323 in these statements, is subject to measurement uncertainty. Estimates are used in accruing revenues in circumstances where the actual accrued revenues are unknown at the time these financial statements are prepared. The actual amount collected could vary significantly from that estimated.

Note 12
Government restructuring

As a result of government restructuring announced on March 15, 2001, there were the following changes in the responsibilities of the Ministry:

Northern Alberta Development Council has been transferred to the new Ministry of Aboriginal Affairs and Northern Development. Associate Minister Forestry and Forest Industry Development have been transferred to the new Ministry of Sustainable Energy.

Comparatives for 2001 have been restated as if the Ministry had always been assigned its current responsibilities.

Net assets as previously reported at March 31, 2000	$ 654,014
Transfer to Ministry of Sustainable Resource Development	115
Transfer to the Ministry of Aboriginal Affairs and Northern Development	2
Net assets as restated at April 1, 2000	$ 654,131

Note 13
Related Party Transactions

The Ministry paid $8,142 (2001 - $5,116) to various other Government of Alberta departments, agencies or funds for supplies and/or services during the fiscal year and received $474 (2001 - $289) as revenue. Accommodations, legal, telecommunications, personnel, audit services, and certain financial costs were provided to the Ministry by other government organizations at no cost. However, services contributed by other entities in support of the Ministry operations are disclosed in schedule 3.

Note 14
Approval of Financial Statements

The financial statements were approved by the Deputy Minister and the Senior Financial Officer of the Department.

Ministry of Energy

Consolidated Schedule of Revenue

For the year ended March 31, 2002

(in thousands)

Schedule 1

	Budget	2002 Actual	2001 Actual
Non-renewable resource revenue			
Natural gas and by-products	$ 5,494,000	$ 4,029,611	$ 7,199,916
Crude oil royalties	881,000	986,788	1,500,325
Bonuses and sale of Crown leases	845,000	969,644	1,158,697
Synthetic crude oil and bitumen	300,000	185,019	711,875
Rentals and fees	170,000	148,171	147,380
Coal	11,000	16,745	11,831
Alberta Royalty Tax Credit	(165,000)	(108,453)	(143,839)
	7,536,000	6,227,525	10,586,185
Freehold Mineral Rights Tax	253,000	319,116	255,968
Industry levies and licences			
Industry levies and assessments	67,651	60,336	48,285
Information services	6,917	5,696	7,150
	74,568	66,032	55,435
Internal government transfers	–	456	289
Other revenue			
Other	1,138	14,994	3,289
Interest	1,700	1,550	2,357
	2,838	16,544	5,646
Total revenue	$ 7,866,406	$ 6,629,673	$ 10,903,523

Ministry of Energy

Consolidated Schedule of Expenses Detailed by Object

For the year ended March 31, 2002

(in thousands)

Schedule 2

	Budget	2002 Actual	2001 Actual
Salaries, wages and employee benefits	$ 97,878	$ 86,708	$ 78,622
Supplies and services	57,388	47,393	39,806
Grants	12,500	5,429	12,265
Amortization of capital assets	7,088	7,814	6,360
Well abandonment	1,217	2,040	5,017
Financial transactions and other	135	80	50
Gross expenses for operations	176,206	149,464	142,120
Less: Recovery from support service agreements with related parties	(589)	(369)	(584)
Total net expenses	$ 175,617	$ 149,095	$ 141,536

Ministry of Energy

Schedule of Allocated Costs

For the year ended March 31, 2002

(in thousands)

Schedule 3

	2002				2001
		Expenses Incurred by Others			
Program	Directly Incurred Expenses [1]	Accommodation Costs	Other Services	Total Expenses	Total Expenses
Energy and utility resources	$ 84,625	$ –	$ 107	$ 84,732	$ 79,791
Ministry support services	2,760	199	–	2,959	3,099
Resource development and management	61,710	3,771	961	66,442	63,212
	$ 149,095	$ 3,970	$ 1,068	$ 154,133	$ 146,102

(1) Expenses - Directly incurred as per Statement of Operations, excluding valuation adjustments.

Ministry of Energy

Consolidated Schedule of Intra-Ministry Transactions

For the year ended March 31, 2002

(in thousands)

Schedule 4

	Budget	2002 Actual	2001 Actual
Assets			
Alberta Petroleum Marketing Commission	$ –	$ (34,773)	$ (55,628)
Total net assets	$ –	$ (34,773)	$ (55,628)
Liabilities			
Alberta Petroleum Marketing Commission	$ –	$ (34,773)	$ (55,628)
Total net liabilities	$ –	$ (34,773)	$ (55,628)
Revenue			
Alberta Energy and Utilities Board funding from the Department	$ (26,512)	$ (28,583)	$ (18,008)
Total net revenue	$ (26,512)	$ (28,583)	$ (18,008)
Expense			
Funding to Alberta Energy and Utilities Board	$ (26,512)	$ (28,583)	$ (18,008)
Total net expense	$ (26,512)	$ (28,583)	$ (18,008)

Department of Energy

Financial Statements

March 31, 2002

Auditor's Report

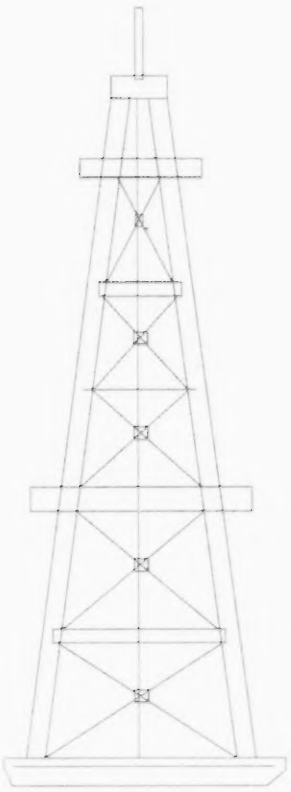
Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

Schedules to the Financial Statements



AUDITOR'S REPORT

To the Minister of Energy:

I have audited the statement of financial position of the Department of Energy as at March 31, 2002 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Department of Energy is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policy that is an exception from Canadian generally accepted accounting principles. Capital assets costing less than $15,000 are expensed in the year acquired and have not been recognized as assets in the statement of financial position. The effect of this omission is to understate net assets as at March 31, 2002 by approximately $4,682,000, and to overstate expenses by approximately $67,000 for the year ended March 31, 2002.

In my opinion, except for the effects of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn CA
Auditor General

Edmonton, Alberta
May 23, 2002

Department of Energy

Statement of Operations

For the year ended March 31, 2002

(in thousands)

	Budget	2002 Actual	2001 Actual
Revenue: (Schedule 1)			
Non-renewable resource revenue	$ 7,536,000	$ 6,227,525	$ 10,585,955
Freehold Mineral Rights Tax	253,000	319,116	255,968
Other revenue	925	14,845	3,277
	7,789,925	6,561,486	10,845,200
Expense- directly incurred (Note 2b and Schedules 5 and 6)			
Voted (Schedules 2 and 3)			
Ministry support services	2,521	2,748	2,935
Resource development and management	73,068	63,122	60,046
Energy and utility regulation	26,512	26,512	16,879
	102,101	92,382	79,860
Statutory			
Valuation adjustments			
Provision for doubtful accounts	35	243	185
Provision for vacation pay	–	428	(15)
	35	671	170
	102,136	93,053	80,030
Net operating results	$ 7,687,789	$ 6,468,433	$ 10,765,170

The accompanying notes and schedules are part of these financial statements.

Department of Energy

Statement of Financial Position

As at March 31, 2002

(in thousands)

	2002	2001
Assets:		
Cash	$ 290,248	$ 379,013
Accounts receivable (Note 4)	372,168	3,041,461
Inventory held for resale (Note 2)	39,000	55,636
Loans and advances	44	108
Capital assets (Note 5)	22,285	17,966
	$ 723,745	$ 3,494,184
Liabilities and Net Assets:		
Accounts payable and accrued liabilities	$ 30,311	$ 30,389
Gas royalty deposits	567,471	387,720
Unearned revenue	71,660	71,845
	669,442	489,954
Net Assets:		
Net assets, beginning of year	3,004,230	629,237
Net operating results	6,468,433	10,765,170
Net transfer to general revenues	(9,418,360)	(8,390,177)
Net assets, end of year	54,303	3,004,230
	$ 723,745	$ 3,494,184

The accompanying notes and schedules are part of these financial statements.

Department of Energy

Statement of Changes in Financial Position

For the year ended March 31, 2002

(in thousands)

	2002	2001
Operating Transactions:		
Net operating results	$ 6,468,433	$ 10,765,170
Non-cash items		
Amortization	3,778	3,846
Valuation adjustments	671	170
	6,472,882	10,769,186
Decrease (increase) in accounts receivable	2,669,049	(2,377,413)
Decrease (increase) in inventories held for resale	16,636	(6,636)
Decrease (increase) in loans and advances	64	(73)
Increase (decrease) in accounts payable and accrued liabilities	(506)	10,648
Decrease in unearned revenue	(185)	(1,350)
Cash provided for operating transactions	9,157,940	8,394,362
Financing Transactions:		
Net transfer to General Revenue	(9,418,360)	(8,390,177)
Increase in gas royalty deposits	179,751	139,526
Cash used by financing transactions	(9,238,609)	(8,250,651)
Investing Transactions:		
Purchase of capital assets (Schedule 3)	(8,096)	(3,340)
Cash used by investing transactions	(8,096)	(3,340)
Net Cash (used) Provided	(88,765)	140,371
Cash, beginning of year	379,013	238,642
Cash, end of year	$ 290,248	$ 379,013

The accompanying notes and schedules are part of these financial statements.

Department of Energy

Notes to the Financial Statements

March 31, 2002
(in thousands)

Note 1

Authority

The Department of Energy operates under the authority of the Government Organization Act, Chapter G-10, Revised Statutes of Alberta 2000.

Note 2

Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Department of Energy, which is part of the Ministry of Energy and for which the Minister of Energy is accountable. Other entities reporting to the Minister include the Alberta Petroleum Marketing Commission and the Alberta Energy and Utilities Board. The activities of these organizations are not included in these financial statements. The Ministry Annual Report provides a more complete picture of the responsibilities for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of the departments are deposited into the Fund and all cash disbursements made by the departments are paid from the Fund. Net transfer to General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in schedule 6.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as inventories held for resale.

Inventory consists of oil in feeder and trunk pipelines. Inventory is stated at net realizable value.

Capital assets of the department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. Assets acquired by right, such as mineral resources, are not included.

Liabilities

Liabilities include all financial claims payable by the Department at fiscal year end.

Net Assets

Net assets represents the difference between the value of assets held by the Department and its liabilities.

Note 3

Government Restructuring

As a result of government restructuring announced on March 15, 2001, there were the following changes in the responsibilities of the Department:

Northern Alberta Development Council has been transferred to the new Ministry of Aboriginal Affairs. Associate Minister Forestry and Forest Industry Development have been transferred to the new Ministry of Sustainable Resource Development.

Comparatives for 2001 have been restated as if the Department had always been assigned its current responsibilities.

Net assets as previously reported at March 31, 2000	$ 629,120
Transfer to Ministry of Sustainable Resource Development	115
Transfer to the Ministry of Aboriginal Affairs	2
Net assets as restated at April 1, 2000	$ 629,237

Note 4
Accounts Receivable

Accounts receivable is secured by a claim against the mineral leases.

Note 5
Capital Assets

	2002				2001
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	10 years	$ 53,584	$ 33,983	$ 19,601	$ 14,899
Equipment	5 years	4,706	4,042	664	974
Pipeline	40 years	2,927	907	2,020	2,093
		$ 61,217	$ 38,932	$ 22,285	$ 17,966

Note 6
Commitments

As at March 31, 2002, the Department has commitments totaling $14,250 (2001 - $18,031). These commitments will become expenses of the Department when terms of the contracts are met. Payments in respect of these contracts and agreements are subject to the voting of supply by the Legislature.

Royalty Paid Natural Gas

The Province is committed to payout January 1, 1994 balances of royalty paid natural gas and by-products injected into underground reservoirs prior to January 1, 1994. At March 31, 2002, the commitment was estimated at $ 57,904 (2001-$136,514). The commitment was estimated using the current gas price and royalty rates and will be amortized to 2006.

Note 7
Contingencies

At March 31, 2002, the Department has been named in administrative appeals and litigation.

(a) Natural Gas & By-Product Royalties Appeals

Industry has appealed assessments resulting from the Department's Compliance and Assurance audits. The appeals relate to cost and unit price issues in the processing of natural gas liquids. The potential cost is unknown. In the opinion of management, the likely results of these appeals cannot be determined at this time.

(b) Land Claims

The government identifies and sets aside specific tracts of land to satisfy land claims made by Indian Bands. The claims related to these lands are under negotiation but are not yet resolved. In one instance, the Department may have to revoke 23 petroleum and natural gas dispositions for which the government accepted bonus, rental payments, and royalties. When these land claims will be resolved is unknown. In the opinion of management, any losses that may result from the eventual settlement of these land claims cannot be determined at this time.

(c) Legal Claims

At March 31, 2002 the Department is a defendant in 2 legal claims (2001 - 5 legal claims). These claims have specified amounts totaling $15,651 (2001- Four of these claims have specified amounts totaling $47,792 and the remaining claim had not

specified an amount). The Department has been jointly named with other entities in both claims. The resulting loss, if any, from these claims cannot be determined.

(d) Natural Gas Over Bitumen

In its dual role of resource conservation and protecting the public interest, the Alberta Energy and Utilities Board is reviewing three applications concerning the effect of continuing gas production from a number of wells would have on future bitumen recovery in that area and the associated economic losses. The decision of the Alberta Energy and Utilities Board has not been made and the impact, if any, on the Department can not be determined.

Note 8
Trust Funds Under Administration

The Department administers trust funds which are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

As at March 31, 2002, trust funds under administration were as follows:

	2002	2001
Mines and Minerals Act Securities Trust	$ 21	$ 52
Oil and Gas Conservation Trust	27	24
Total	$ 48	$ 76

Note 9
Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Revenue, recorded as $6,561,486 in these financial statements, includes non-renewable resource revenue and freehold mineral rights tax, in the amount of $6,546,641 which is subject to measurement uncertainty. Revenue is calculated based on production volumes reported to the Department by royalty payers. These volumes could vary significantly from that initially reported.

Accounts receivable, recorded as $372,168 in these statements, is subject to measurement uncertainty. Estimates are used in accruing revenues in circumstances where the actual accrued revenues are unknown at the time these financial statements are prepared. The actual amount collected could vary significantly from that estimated.

Note 10
Defined Benefits Plans

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,921 for the year ended March 31, 2002 (2001-$1,820).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of $5,338 (2000 - $170,858) and the Public Service Pension Plan reported a surplus of $320,487 (2000 - $635,084). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $399 (2000 - surplus $180).

The Department also participates in two multiemployer Long Term Disability Income Continuance Plans. At March 31, 2002, the Bargaining Unit Plan reported an actuarial

deficiency of $8,646 (2001 - $12,710) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $2,656 (2001 - $4,583). The expense for these two plans is limited to employer's annual contributions for the year.

Note 11
Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, and accounts payable and accrued liabilities, are estimated to approximate their book values. Fair values of loans are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

Note 12
Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 13
Approval of Financial Statements

The financial statements were approved by the Deputy Minister and the Senior Financial Officer.

Department of Energy

Schedule of Revenue

For the year ended March 31, 2002

(in thousands)

Schedule 1

	2002 Budget	Actual	2001 Actual
Non-renewable resource revenue			
Natural gas and by-products royalty	$ 5,494,000	$ 4,029,611	$ 7,199,916
Crude oil royalty	881,000	986,788	1,500,242
Bonuses and sale of crown leases	845,000	969,644	1,158,697
Synthetic crude oil and bitumen royalty	300,000	185,019	711,874
Rentals and fees	170,000	148,171	147,234
Coal royalty	11,000	16,745	11,831
Royalty Tax Credit	(165,000)	(108,453)	(143,839)
	7,536,000	6,227,525	10,585,955
Freehold Mineral Right Tax	253,000	319,116	255,968
Other revenue	925	14,845	3,277
Total revenue	$ 7,789,925	$ 6,561,486	$ 10,845,200

Department of Energy

Schedule of Expense Directly Incurred - Detailed by Object

For the year ended March 31, 2002

(in thousands)

Schedule 2

	2002 Budget	Actual	2001 Actual
Voted:			
Salaries, wages and employee benefits	$ 34,732	$ 32,097	$ 30,669
Supplies and services	31,753	23,812	20,173
Grants	31,512	32,984	25,706
Financial transactions and other	135	80	50
Amortization of capital assets	4,558	3,778	3,846
Total voted expenses before recoveries	102,690	92,751	80,444
Less: Recovery from support service agreements with related parties (a)	(589)	(369)	(584)
Total voted expenses	$ 102,101	$ 92,382	$ 79,860

(a) The department provides financial services to Alberta Environment and Alberta Agriculture Food and Rural Development. Cost incurred for these services are recovered from Environment.

Department of Energy

Schedule of Comparison of Expense - Directly Incurred and Capital Investments, by Element to Authorized Budget

For the year ended March 31, 2002

(in thousands)

Schedule 3

	2001-2002 Estimates (Authorized Budget)	2001-2002 Actual Expense (a)	Unexpended (Over Expended)
Expenses:			
Voted			
Program 1 - Ministry Support Services			
1.0.1 Minister's Office	$ 250	$ 249	$ 1
1.0.2 Standing Policy Committee on Energy and Sustainable Development	95	94	1
1.0.3 Deputy Minister's Office	365	362	3
1.0.4 Corporate Services	1,366	1,203	163
1.0.5 Communications	445	840	(395)
	2,521	2,748	(227)
Program 2 - Resource Development and Management			
2.1 Program Support			
2.1.1 Program Support			
- Operating expense	13,376	15,889	(2,513)
- Capital expense	305	7	298
2.1.2 Information Systems			
- Operating expense	23,802	15,617	8,185
- Capital expense	250	7,789	(7,539)
2.1.3 Amortization	4,588	3,778	810
	42,321	43,080	(759)
2.2 Mineral Development			
2.2.1 Resource Development	481	439	42
	481	439	42
Gas and Alberta Markets Development			
2.3.1 Resource Development			
- Operating expense	17,176	15,207	1,969
- Capital expense	760	300	460
	17,936	15,507	2,429
Oil Development			
2.3.1 Resource Development	13,645	12,192	1,453
	13,645	12,192	1,453
	74,383	71,218	3,165
Program 3 - Energy and Utilities Regulation			
3.0.1 Assistance to the Alberta Energy and Utilities Board	26,512	26,512	–
	26,512	26,512	–
Total voted expenses	$ 103,416	$ 100,478	$ 2,938
Program operating expense	$ 102,101	$ 92,382	$ 9,719
Program capital investment	1,315	8,096	(6,781)
Total voted expenses	$ 103,416	$ 100,478	$ 2,938

(a) Includes achievement bonus of $367.

Department of Energy

Schedule of Salaries and Benefits Disclosure

For the year ended March 31, 2002

(in thousands)

Schedule 4

	2002			2001
	Salary [1]	Benefits & Allowances [2]	Total	Total
Deputy Minister [3]	$ 162	$ 48	$ 210	$ 202
Executives				
Assistant Deputy Minister - Mineral Development	126	32	158	152
Assistant Deputy Minister - Oil Development	155	4	159	147
Assistant Deputy Minister - Electricity and Gas	179	5	184	133
Other				
Executive Director - Electricity	124	30	154	149

Total salary and benefits relating to a position are disclosed.

(1) Salary includes regular base pay, bonuses, overtime, vacation payout and lump sum payments.

(2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, WCB premiums, health care, dental coverage, group life insurance, professional memberships, tuition fees, short and long-term disability.

(3) Automobile provided, no dollar amount included in benefits and allowances figure.

Department of Energy

Schedule of Related Party Transactions

For the year ended March 31, 2002

(in thousands)

Schedule 5

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Expenses - Directly Incurred:				
Grants	$ 28,137	$ 16,879	$ –	$ –
Other services	496	1,127	4,959	2,228
	$ 28,633	$ 18,006	$ 4,959	$ 2,228

The above transactions do not include support service arrangement transactions disclosed in schedule 2.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in schedule 6.

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Expenses - Incurred by Others:				
Accommodation	$ –	$ –	$ 3,970	$ 3,665
Other services	–	–	961	715
	$ –	$ –	$ 4,931	$ 4,380

Department of Energy

Schedule of Allocated Costs

For the year ended March 31, 2002

(in thousands)

Schedule 6

	2002					2001
		Expenses Incurred by Others		Valuation Adjustments		
Program	Directly Incurred Expenses[1]	Accommodation Costs	Legal Services	Vacation Pay	Doubtful Accounts	Total Expenses	Total Expenses
Ministry support services	$ 2,748	$ 199	$ –	$ 12	$ –	$ 2,959	$ 3,099
Resource development and management	63,122	3,771	961	416	243	68,513	64,307
Energy and Utilities Regulation	26,512	–	–	–	–	26,512	16,879
	$ 92,382	$ 3,970	$ 961	$ 428	$ 243	$ 97,984	$ 84,285

(1) Expenses - Directly incurred as per Statement of Operations, excluding valuation adjustments.

Alberta Energy and Utilities Board

Financial Statements

March 31, 2002

Auditor's Report

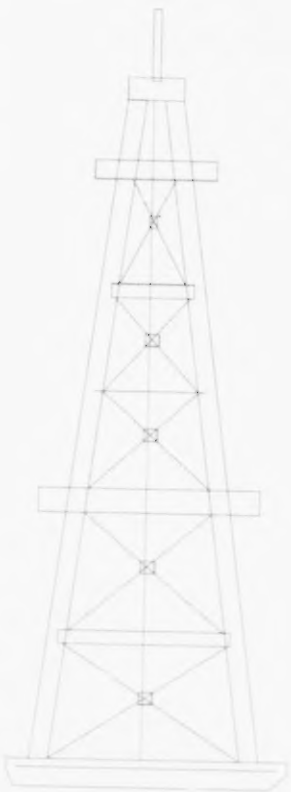
Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule to the Financial Statements



AUDITOR'S REPORT

To the Members of the Alberta Energy and Utilities Board:

I have audited the statement of financial position of the Alberta Energy and Utilities Board as at March 31, 2002 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

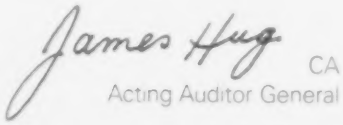
I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Board is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 2. These accounting policies have been established by Alberta Finance and are consistent across ministries. With one exception, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exception from generally accepted accounting principles that arises from following the accounting policies and reporting practices established by Alberta Finance.

Capitalization of Lease

A capital lease has been recorded as an operating lease. In my opinion, an amount of approximately $2,397,000 representing the net book value of the capital lease as at March 31, 2002 should be recorded as a capital asset in these financial statements. In addition, an amount of approximately $1,961,000 representing the obligation under capital lease as at March 31, 2002 should be recognized as a liability in these financial statements. The net effect of the understatement of assets and liabilities is to understate net assets as at March 31, 2002 by approximately $436,000, and expenses for the year ended March 31, 2002 are overstated by approximately $107,000.

In my opinion, except for the effects of the matters discussed in the preceding section, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



CA
Acting Auditor General

Edmonton, Alberta
April 30, 2002

Alberta Energy and Utilities Board

Statement of Operations

For the year ended March 31, 2002

(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Revenue			
Industry levies and assessments	$ 67,651	$ 60,336	$ 48,285
Provincial contributions	28,512	28,565	17,809
Information, services and fees	6,917	6,170	7,638
Investment	1,700	1,550	2,352
Miscellaneous	213	149	163
	104,993	96,770	76,247
Expense			
Personnel	60,233	54,611	47,919
Buildings	10,914	7,927	6,786
Grant (Note 3)	7,500	582	4,078
Consulting services	6,845	5,559	4,309
Computer services	3,611	3,642	3,420
Travel and transportation	3,381	2,852	2,547
Administrative	2,701	2,605	2,259
Amortization	2,500	4,036	2,514
Abandonment and enforcement	1,217	2,040	5,017
Equipment rent and maintenance	640	593	458
Miscellaneous	451	178	204
	99,993	84,625	79,511
Net operating results	$ 5,000	$ 12,145	$ (3,264)

The accompanying notes and schedule are an integral part of these financial statements.

Alberta Energy and Utilities Board

Statement of Financial Position

As at March 31, 2002

(thousands of dollars)

	2002	2001
Assets		
Current		
Cash (Note 4)	$ 16,839	$ 10,369
Funds held on behalf of others (Note 5)	30,146	36,104
Accounts receivable	2,023	2,513
Prepaid expenses	1,006	1,004
	50,014	49,990
Lease incentive receivable (Note 6)	650	4,810
Accrued pension asset (Note 7)	5,539	5,101
Capital assets (Note 8)	26,930	16,317
	$ 83,133	$ 76,218
Liabilities		
Current		
Accounts payable	$ 8,658	$ 5,995
Funds held on behalf of others (Note 5)	30,146	36,104
Accrued vacation	2,944	3,090
Current portion of deferred lease incentives	725	725
	42,473	45,914
Accrued pension liability (Note 7)	1,379	2,440
Deferred lease incentives	5,424	6,152
Total liabilities	49,276	54,506
Net Assets		
Net assets, beginning of year	21,712	24,976
Net operating results	12,145	(3,264)
Net assets, end of year	33,857	21,712
	$ 83,133	$ 76,218

Alberta Energy and Utilities Board

Statement of Cash Flows

For the year ended March 31, 2002

(thousands of dollars)

	2002	2001
Operating Activities		
Net operating results	$ 12,145	$ (3,264)
Non-cash expenses		
Pension expense (Note 7)	2,592	2,453
Amortization	4,036	2,514
Changes in operating non-cash working capital		
Accounts receivable	490	817
Prepaid expenses	(2)	(418)
Accounts payable	2,663	(425)
Accrued vacation	(146)	(145)
	21,778	1,532
Investing Activities		
Investment in capital assets	(14,649)	(9,714)
Financing Activities		
Lease incentives received	4,160	1,513
Lease incentives repaid	(728)	(294)
Pension obligations funded (Note 7)	(4,091)	(3,806)
	(659)	(2,587)
Net cash provided (used)	6,470	(10,769)
Cash, beginning of year	10,369	21,138
Cash, end of year	$ 16,839	$ 10,369

Note 1
Authority and Purpose

The Alberta Energy and Utilities Board (EUB) operates under the authority of the Alberta Energy and Utilities Board Act, Chapter A-17, Revised Statutes of Alberta, 2000, as amended. The EUB's mission is to ensure that the discovery, development, and delivery of Alberta's resources take place in a manner that is fair, responsible, and in the public interest.

Note 2
Significant Accounting Policies

These financial statements are prepared in accordance with the following significant accounting policies:

(a) Capital assets

All tangible and intangible assets with an economic life greater than one year are recorded at cost or appraised value for donated assets. These assets are then amortized, using the straight-line method, over the following estimated useful lives:

Computer software	5 years
Furniture and equipment	3 to 20 years
Computer hardware	3 to 5 years
Leasehold improvements	Lease term

(b) Pension expense

i) EUB's pension plans

Pension expense is actuarially determined using the projected benefit method prorated on length of service and management's best estimate of expected plan investment performance, projected employees' compensation levels, and length of service to the time of retirement. Adjustments arising from plan amendments, experience gains and losses, and changes in assumptions are amortized over the estimated average remaining service life of the related employee group (12 years). For the purpose of calculating the expected return, plan assets are valued at fair value.

ii) Multiemployer pension plans

Multiemployer defined benefit plans for which the EUB has insufficient information to apply defined benefit plan accounting are accounted for as defined contribution plans.

(c) Deferred lease incentives

Deferred lease incentives are amortized on a straight-line basis over the term of the lease.

(d) Valuation of financial assets and liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable, accrued vacation, are estimated to approximate their book values.

Note 3
Grant

Effective March 30, 2001, the Alberta Oil and Gas Orphan Abandonment and Reclamation Association has been delegated the authority to administer the abandonment and reclamation of wells, facilities and pipelines that have no registered owner. During the year, the EUB provided the association with $581,800 (2001: $4,078,000), by way of grant, to fund these operations.

Note 4
Cash

Cash consists of a deposit in the Consolidated Cash Investment Trust Fund which is managed by the Province of Alberta to provide competitive interest income while maintaining maximum security and liquidity of depositors' capital.

Note 5
Funds Held on Behalf of Others

The EUB holds various forms of security for the proper abandonment of oil and gas wells and oil waste management facilities. The security, along with interest earned, is returned to the registered owner upon compliance. At March 31, 2002, the amount of security held aggregated $48,378,500 (2001: $52,391,500) of which $30,146,000 (2001: $36,104,000) is held in cash deposits.

Note 6
Lease Incentive Receivable

The EUB is eligible to receive incentives for the renewal of the head office lease. This receivable has been classified as a long-term asset to reflect management's intention to use these funds for the acquisition of capital assets.

Note 7
Pension

The EUB participates in the Management Employees Pension Plan, Public Service Pension Plan, and Supplementary Retirement Plan for Public Service Managers, which are multiemployer pension plans. The expense for these pension plans is equivalent to the annual contributions of $2,401,400 for the year ended March 31, 2002 (2001: $2,201,900).

In addition, the EUB maintains a defined benefit Senior Employees Pension Plan and Supplementary Benefit Plans to compensate senior staff who do not participate in the government management pension plans. Pension fund assets for these plans are invested in high quality bonds and Canadian equities. The significant actuarial assumptions adopted in measuring the accrued benefit obligations for these plans are as follows:

	2002	2001
Discount rate	6.80%	7.40%
Expected long-term rate of return on plan assets	4.2% to 8.4%	4.0% to 8.0%
Rate of compensation increase	4.50%	4.50%

Additional information about the defined benefit plans are as follows:

(thousands of dollars)	2002	2001
EUB's contribution	$ 1,690	$ 1,604
Employees' contribution	265	163
Benefits paid	533	532
Pension expense	191	251

The funded status and amounts recognized in the Statement of Financial Position are as follows:

	Senior Employees Pension Plan		Supplementary Benefit Plans	
(thousands of dollars)	2002	2001	2002	2001
Plan assets at fair value	$ 14,511	$ 14,244	$ 1,582	$ 356
Accrued benefit obligation	11,902	9,669	3,238	2,678
Plan surplus (liability)	2,609	4,575	(1,656)	(2,322)
Unamortized amounts	2,930	526	277	(118)
Accrued pension asset (liability)	$ 5,539	$ 5,101	$ (1,379)	$ (2,440)

Note 8
Capital Assets

(thousands of dollars)	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer software	$ 22,632	$ 12,690	$ 9,942	$ 3,866
Software under development	5,207	–	5,207	5,438
Computer hardware	7,862	4,143	3,719	3,490
Furniture and equipment	5,087	1,791	3,296	2,004
Leasehold improvements	5,407	961	4,446	1,199
Land	320	–	320	320
	$ 46,515	$ 19,585	$ 26,930	$ 16,317

Note 9
Future Operating Lease Commitments

The EUB leases office premises with minimum lease terms ranging from one to ten years and leases a research facility with a remaining term of eighty-four years. The EUB has received cash incentives as a component of certain leases, and these incentives will reduce future lease costs. The future minimum lease payments, net of lease incentives, are as follows:

(thousands of dollars)	
2002 - 2003	$ 4,901
2003 - 2004	4,847
2004 - 2005	4,823
2005 - 2006	4,833
2006 - 2007	4,783
Thereafter	20,086
	$ 44,273

Note 10
Related Party Transactions

The EUB paid $3,183,100 (2001: $2,888,000) to various other Government of Alberta departments, agencies, or funds for supplies and/or services during the fiscal year. The EUB received $28,565,000 (2001: $17,518,000) in grants and $473,600 (2001: $488,400) in service revenue from provincial government organizations. In addition, the EUB received the benefit of additional services from other government organizations in kind with an estimated value of $107,000 (2001: $279,700) that are not reflected within the Statement of Operations.

Note 11
Approval of Financial Statements

These financial statements were approved by the Board of the EUB.

Alberta Energy and Utilities Board

Schedule of Salary and Benefits Disclosure

For the year ended March 31, 2002

	2002			2001
	Salary [a]	Benefits and Allowances [b]	Total	Total
Chair	$ 177,891	$ 56,970	$ 234,861	$ 230,295
Board Member 1	128,355	53,078	181,433	170,124
Board Member 2	128,355	36,854	165,209	161,448
Board Member 3	128,355	36,506	164,861	161,292
Board Member 4 [c]	87,516	32,541	120,057	159,891
Board Member 5	128,355	30,310	158,665	159,171
Board Member 6	128,355	29,387	157,742	157,732
Board Member 7	128,355	34,323	162,678	156,445
Board Member 8 [d]	32,089	10,382	42,471	–
Board Member 9 [d]	32,089	5,928	38,017	–
Board Member 10 [c]	–	–	–	20,272

(a) Includes all paid and payable salary and bonuses.

(b) Includes the EUB's share of all payments to, or on behalf of, Board Members, including pension, insurance, health benefits, professional membership, and payments in lieu of vacation. Automobiles were provided, but no amount is included in these figures.

(c) Board Members who have retired or ceased employment during the current or previous fiscal year.

(d) Board Members who have been appointed during the current fiscal year.

Alberta Petroleum Marketing Commission

Financial Statements

December 31, 2001

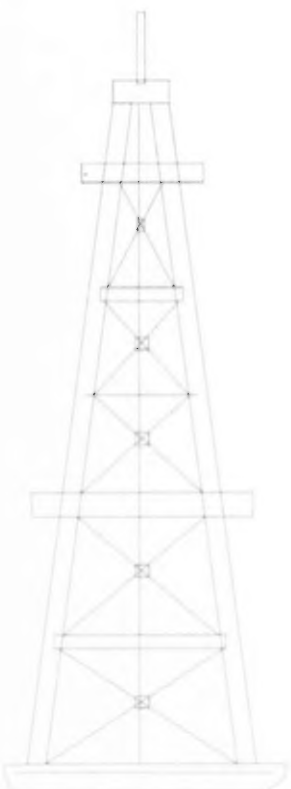
Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements



AUDITOR'S REPORT

To the Members of the Alberta Petroleum Marketing Commission:

I have audited the statement of financial position of the Alberta Petroleum Marketing Commission as at December 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn CA
Auditor General

Edmonton, Alberta
May 9, 2002

Alberta Petroleum Marketing Commission

Statement of Operations

For the year ended December 31, 2001

(in thousands)

	2001	2000
Crude oil revenue	$ 1,510,443	$ 1,821,383
Expense		
Purchases under exchange agreements	189,373	127,303
Other crude oil purchases	104,039	93,858
Transportation	73,174	66,894
Marketing fees	1,844	2,014
	368,430	290,069
Excess of revenue over expense	1,142,013	1,531,314
Other revenue		
Cost recoveries	–	(29)
Interest earned	342	490
Other	18	8
	360	469
Net revenue to transfer to the Province of Alberta	1,142,373	1,531,783
Due to the Province of Alberta, beginning of year	140,693	154,920
Cash transferred to the Province of Alberta	(1,209,220)	(1,546,010)
Due to the Province of Alberta, end of year	$ 73,846	$ 140,693

The accompanying notes are part of these financial statements.

Alberta Petroleum Marketing Commission

Statement of Financial Position

As at December 31, 2001

(in thousands)

	2001	2000
Assets		
Cash (Note 3)	$ 3,981	$ 8,888
Accounts receivable	64,698	121,035
Inventory	29,216	40,071
	$ 97,895	$ 169,994
Liabilities		
Accounts payable (Note 4)	$ 24,049	$ 29,301
Due to the Province of Alberta	73,846	140,693
	$ 97,895	$ 169,994

The accompanying notes are part of these financial statements.

Alberta Petroleum Marketing Commission

Statement of Changes in Financial Position

For the year ended December 31, 2001
(in thousands)

	2001	2000
Cash provided by operating activities		
Net revenue to transfer to the Province of Alberta	$ 1,142,373	$ 1,531,783
Change in non-cash working capital		
Accounts receivable	56,337	3,388
Inventory	10,855	7,206
Accounts payable	(5,252)	5,527
Cash provided	1,204,313	1,547,904
Cash transferred to the Province of Alberta	(1,209,220)	(1,546,010)
Net increase in Cash	(4,907)	1,894
Cash at beginning of year	8,888	6,994
Cash at end of year	$ 3,981	8,888

The accompanying notes are part of these financial statements.

Alberta Petroleum Marketing Commission

Notes to the Consolidated Financial Statements

March 31, 2002
(in thousands)

Note 1
Authority

The Alberta Petroleum Marketing Commission (the "Commission") operates under the authority of the Petroleum Marketing Act, Chapter P-10, Revised Statutes of Alberta 2000, and the Natural Gas Marketing Act, Chapter N-1, Revised Statutes of Alberta 2000. This legislation designates the Commission as agent of the Province of Alberta to accept delivery of and market the Crown royalty share of crude oil.

Note 2
Significant Accounting Policies

(a) Crude Oil Revenue

The Commission accepts delivery of crude oil, which it markets through agents. Revenue is recognized when the Commission accepts delivery of crude oil. Revenue reflects the net financial results of agents' marketing activities. Purchases by the agents to satisfy sales requirements as well as trunk line transportation costs are netted against final sales proceeds. The agents remit revenue to the Commission in Canadian funds.

(b) Inventory

Inventory represents Crown Royalty oil in feeder and trunk pipelines. At the balance sheet date inventories are stated at net realizable value.

(c) Valuation of Financial Instruments

Fair value in the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair values of accounts receivable, accounts payable, and due to the Province of Alberta are estimated to approximate their book values at December 31, 2001.

Note 3
Cash

Cash consists of a deposit in the Consolidated Cash Investment Trust Fund which is managed by Alberta Finance to provide competitive interest income while maintaining maximum security and liquidity of depositors' capital.

Note 4
Accounts Payable

	2001	2000
Transportation and purchases	$ 20,498	$ 21,365
Goods and services tax	3,551	7,936
	$ 24,049	$ 29,301

Note 5

Commitments

The Commission has allocated a portion of its anticipated pipeline requirements to firm transportation agreements expiring in March 2012. These agreements obligate the Commission to pay tariff charges for contracted volumes in accordance with contracted rates. The aggregate estimated commitment at December 31, 2001 is $109,044 (2000 - $117,655). This commitment will be paid from future oil royalty revenue. Costs for these pipeline services are expected to be within the range of normal transportation costs.

Note 6

Related Party Transactions

The Commission accepts delivery of and markets the Crown royalty share of crude oil. The Commission remits the proceeds from the sale of the Crown royalty share of crude oil to the Department of Energy.

Note 7

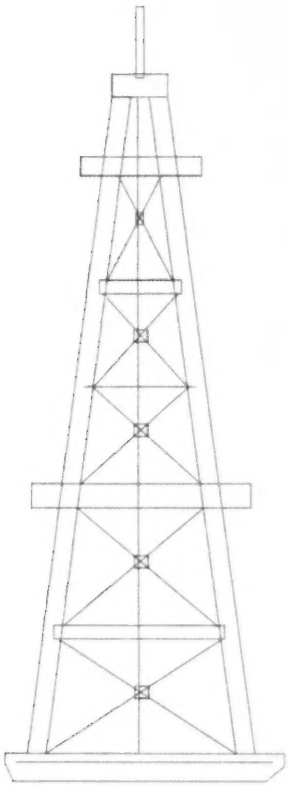
Approval of Financial Statements

The Commission has approved these financial statements.

Alphabetical List Of Entities' Financial Statements In Ministry 2001-02 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	

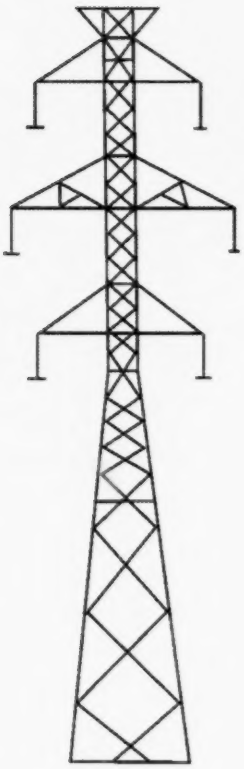


Ministry, Department, Fund or Agency	Ministry Annual Report
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCore Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure1	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development

Ministry, Department, Fund or Agency	Ministry Annual Report
Persons with Developmental Disabilities Community Boards	
Calgary Community Board	Community Development
Central Community Board	Community Development
Edmonton Community Board	Community Development
Northeast Community Board	Community Development
Northwest Community Board	Community Development
South Community Board	Community Development
Persons with Developmental Disabilities Foundation[2]	Community Development
Persons with Developmental Disabilities Michener Centre Facility Board	Community Development
Persons with Developmental Disabilities Provincial Board	Community Development
Provincial Judges and Masters in Chambers Reserve Fund	Finance
S C Financial Ltd.	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Universities Academic Pension Plan	Finance
Workers' Compensation Board	Human Resources and Employment



2 Dissolved June 2001.

1 Ministry includes only the department so separate department financial statements are not necessary.

For additional copies, contact:

Communications Branch

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The Ministry of Energy Annual Report 2001-2002 is available on the following Web site:
http://www.energy.gov.ab.ca/com/room/industry+room/key+publications/annual+reports.htm

Current information about the organizations that were part of the Ministry of Energy in 2001-02 is available at the following Web sites:

For the Alberta Department of Energy:
http://www.energy.gov.ab.ca
e-mail: info.energy@gov.ab.ca

For the Alberta Energy and Utilities Board:
http://www.eub.gov.ab.ca;
e-mail: eub.info_services@eub.gov.ab.ca

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